

# ANNUAL COMPREHENSIVE FINANCIAL REPORT



TOWN OF HOLLY SPRINGS  
NORTH CAROLINA

Fiscal Year Ended June 30, 2025



About the cover:

March 28, 2025 – Fire Station 3 opens to meet growth needs in Northwest Holly Springs

The new Fire Station 3 at 114 Cinder Station Road is strategically located in an area seeing tremendous growth – both with homes and businesses. The new station features key safety components, such as modern decontamination technology that pressurizes the apparatus bay to keep contaminants out of living quarters. The single-story, three-bay building can accommodate up to 16 firefighters. It also includes an area for the Holly Springs Police, expanding their footprint throughout the community.

Holly Springs Fire Chief LeRoy Smith: “My vision for this station is simple: we will not just respond to emergencies; we will be neighbors, friends, and partners to the families and businesses that surround us. We want the community to know that our doors are open, not just when you need us most, but for the everyday moments as well.”

Photo credit: Town of Holly Springs, Chris Belk

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

Town of Holly Springs, North Carolina  
For the Fiscal Year Ended June 30, 2025



Prepared by the Town of Holly Springs Finance Department

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

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# INTRODUCTORY SECTION



Prepared by the Town of Holly Springs Finance Department



## THE TOWN OF

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# *Holly Springs*

December 19, 2025

**Honorable Mayor, Members of Town Council  
and Citizens of the Town of Holly Springs:**

The Annual Comprehensive Financial Report (ACFR) of the Town of Holly Springs (the Town) for the fiscal year ended June 30, 2025, is submitted by the Town's Finance Department, and it is the comprehensive publication of the Town's financial position on June 30, 2025, and results of operations for the fiscal year then ended for all funds of the Town. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ending June 30, 2025, and to provide complete and further accountability to citizens and other interested parties by providing a comprehensive report in lieu of the minimum basic financial statement requirements.

Responsibility for both the accuracy of the presented data, and the completeness and the fairness of the presentation, including all disclosures, rests with the Town. We believe the enclosed data and presentation is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the Town's funds over the last fiscal year.

This document provides financial detail and historical trends beyond the basic financial statements in the **Financial Section**. The Management's Discussion and Analysis (MD&A) immediately follow the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is written to complement the MD&A and should be read in conjunction with it.

As noted earlier, the General Statutes of North Carolina require an annual independent financial audit of all local government units in the State. Cherry Bekaert, LLP, independent certified public accountants, has examined the financial records of the Town and their opinion has been included in this report. Their examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as they considered necessary in the circumstances. The auditor's report on the basic financial statements and combining individual fund statements and schedules is included in the financial section of this report. Beyond the basic financial statements, the report includes **Supplementary Information** which provides details on retirement health care, law enforcement separation allowance and pension liability information. The **Statistical Section** provides trend information on financial performance, revenue capacity, debt capacity, demographic and economic indicators as well as operating information. The auditor's reports related specifically to the single audit are included in the **Compliance Section**.

As a recipient of federal and state assistance, the Town is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. As a part of the Town's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the Town has complied with applicable laws and regulations. The results of the Town's single audit for the fiscal year June 30, 2025, included no instance of material weakness in the internal control structure or significant violations of applicable laws and regulations.

## Profile of the Town

The Town of Holly Springs, incorporated in 1877, is located in southwest Wake County, approximately 18 miles from downtown Raleigh, the State Capital. Holly Springs truly had very humble beginnings. Known first for its abundant fresh springs where weary travelers would stop, it is now one of the fastest growing communities in the state of North Carolina. Holly Springs offers a unique blend of small-town charm, coupled with a vibrant and growing business community. Residents enjoy quality parks, excellent schools, and the opportunity to shop locally. The Town covers approximately 18.69 square miles and has an estimated population of 53,648 as of June 30, 2025.

The Town operates under a council-manager form of government. The governing body is comprised of a Mayor and a five-member Town Council, elected on a nonpartisan, at large basis for staggered four-year terms. The Town Council has policy-making and legislative authority and is responsible for the budget approval and appointment of the Town Manager, Town Attorney and Town Clerk. The Town Manager is responsible for implementing Council policies and Town Ordinances, managing daily operations and appointing department directors.

The Town provides its citizens with a full range of services, including police and fire protection, solid waste and recycling services, the construction and maintenance of streets, curbs, gutters and sidewalks and other infrastructure, recreation and cultural activities, building inspections and permits, and water, wastewater and stormwater service. This report includes all the Town's activities in delivering and administering these services.

The Town Council is required to adopt an annual operating budget by July 1 each year. The Town is empowered to levy a property tax on both real and personal property located within its boundaries. The Town's budget ordinance creates a legal limit on spending authorizations and serves as the foundation for financial planning and control. An annual budget is adopted for the General Fund, Debt Service Fund, Emergency Telephone System Fund and the Enterprise Funds. The Town Manager is authorized by budget ordinance to transfer appropriations within a department without prior approval of the Town Council and may transfer appropriations up to \$50,000 between departments within the same fund with an official reporting to the Town Council. All inter-departmental budgetary appropriations above \$50,000, between funds, or that increase or decrease the total budget of any fund must be approved in advance by Town Council.

Holly Springs has become one of the leading biotechnology hubs in the world. Home to renowned biotech companies including Fujifilm Diosynth Biotechnologies, Amgen, and CSL Seqirus, this biotech ecosystem continues to attract even more small and mid-sized companies to Town.

Fujifilm Biotechnologies has completed construction on the largest end-to-end cell culture contract development and manufacturing (CDMO) biopharmaceutical facility in North America, representing a \$2 billion investment—the largest life sciences investment in North Carolina's history—right here in Holly Springs. The first phase includes an 839,000-square-foot lab, office, and manufacturing complex situated on a 150-acre site, bringing more than 725 high-quality jobs to the community. The company recently announced plans for Phase Two, which will further expand the facility with an additional \$1.2 billion investment and create approximately 680 new jobs, reinforcing Holly Springs' position as a national leader in biomanufacturing and innovation.

Amgen, one of the world's leading biotechnology companies, continues to expand its presence in Holly Springs with a combined investment exceeding \$1.5 billion. The company's first phase, a \$550 million, 350,000-square-foot multi-product drug substance manufacturing facility, is scheduled to begin operations in 2025 and will utilize advanced biomanufacturing technologies to produce a variety of medicines for patients worldwide. Building on this commitment, Amgen announced a second phase of expansion totaling an additional \$1 billion, which will establish a second manufacturing facility on the Holly Springs campus and create approximately 370 new high-quality jobs with average annual salaries of over \$90,000. Together, the two phases position Holly Springs as a key location within Amgen's global manufacturing network, enhance the Town's growing life sciences cluster, and support the Mayor and Town Council's strategic goal of diversifying the tax base through sustainable, innovation-driven economic development.

Genentech announced plans to invest \$700 million in Holly Springs to construct a 700,000-square-foot high-volume fill/finish manufacturing facility, the company's first East Coast manufacturing site. The project is expected to create over 420 high-paying permanent positions and more than 1,500 construction jobs, generating an estimated \$1.2 billion economic impact for Wake County further strengthening Holly Springs' reputation as a leading hub for biotechnology investment and innovation.

Ypsomed, a global leader in medical technology specializing in injection and infusion systems, announced plans to invest \$195 million in Holly Springs to establish its first North American manufacturing facility. The company will purchase and customize a 110,000-square-foot facility in the YIELD Holly Springs business park, marking a significant expansion of its international operations. The project is expected to create 62 high-quality jobs, supporting the region's growing life-sciences cluster and further strengthening Holly Springs' position as a premier destination for advanced manufacturing and biotechnology investment.

The Town's Economic Development Department continues working with local developers and investors to expand business park options in Holly Springs. Directly surrounding Amgen, a new 700+ acre prime business park, CaMP Helix, offers diverse development options and other beneficial commercial and residential options. Down the road in the long-established Holly Springs Business Park and adjacent to Fujifilm Biotechnologies, Catalyst BioCampus, the region's newest biomanufacturing campus, has two of three buildings complete and will soon be ready for tenant fit out. Totalling up to 478,000 square feet over three buildings, this space is built following current Good Manufacturing Practices (cGMP), for Pharmacodynamic (PD), lab, and office uses. Buildings come pre-equipped with primary mechanical, electrical, and building infrastructure specific to biomanufacturing facilities. The initial phase offers two 169,000-square-foot single-story with mezzanine buildings, 32' clear story height, and bay spacing to accommodate single or multi-tenant requirements. The third building is being designed for existing tenant expansion and smaller office space.

Crescent Communities, a nationally recognized, market-leading real estate investor, developer, and operator of mixed-use and commercial communities, is providing new opportunities through their build-out of multiple business park options geared towards targeted industry growth in Holly Springs. Currently underway, the company is developing a 27-acre multi-building campus, The YIELD Holly Springs. This campus will be focused on biomanufacturing but also allows for a variety of uses, including office, lab, manufacturing, and amenity retail. In addition, Crescent Communities' other campus, the 83-acre YIELD North along the US-1 corridor, can accommodate up to 850,000 square feet of buildings space across a range of building sizes from 75,000-300,000 square feet.

CSL Seqirus, one of the world's largest influenza vaccine companies, is thriving in Holly Springs. The location opened in 2009 as a 438,000-square-foot flu cell culture manufacturing facility, known then as Novartis U.S. The facility has completed several expansions, including a \$156 million project that more than doubled its capacity to bring flu vaccines to the U.S. and markets worldwide. Current operations occupy approximately 70 acres with another 90 acres available for future expansion under the new CSL Seqirus name.

To support the growing industries and biotechnology ecosystem, Wake Tech Community College announced the permanent home for its nearby Western Wake Campus in September 2022. The campus is strategically located off NC 55, near US 1 and NC 540 and will feature a new Workforce Development Center, featuring biopharma training space, along with small business and entrepreneurship offerings. This location will be key in preparing the talent pool for the biotech companies in Holly Springs as well as providing tools and resources for local small businesses.

In addition to biotechnology growth, other businesses are growing in Holly Springs. In August 2022, Calvert Ice Sports closed on land in the Carolina Springs development with plans to build a state-of-the-art ice plex that will shape and develop student-athletes. The 320,000-square-foot facility will include a boarding school and an indoor ice sports training center with four NHL regulation-size ice rinks. The added amenity will further distinguish Holly Springs in the marketplace and foster continued economic growth and sports tourism.

Downtown Holly Springs continues to experience robust commercial growth, fueled by strategic investments and a renewed community vision. A landmark mixed-use project, Main Street Vista, is nearing completion on 11.7 acres at the corner of North Main Street and Holly Springs Road. The development will feature 277 residential units, 19,000 square feet of retail, and 11,000 square feet of live-work space, further enhancing the area's vitality. Adding to this momentum, the newly opened Fable Books & Café brings a locally owned bookstore and coffeehouse to the heart of downtown, contributing to the area's vibrant, community-oriented atmosphere.

The Town has also completed an extensive Downtown long-range planning process, updating key components of the Vision Holly Springs Comprehensive Plan, including land use, infrastructure, and natural resources. These updates are designed to guide the future character, redevelopment, and connectivity of the downtown core.

To advance this vision, the Town plans to pursue a strategic public-private partnership (PPP) to deliver transformative public-realm improvements at Mims Park—a 17-acre wooded site at 350 W. Ballentine Street featuring rolling hills, natural springs, and the gravesite of town founder G.B. Alford. Identified as one of five priority projects in the 2023 Downtown Area Plan, Mims Park is envisioned as a signature destination that connects residents and visitors to nature, history, and the growing Downtown Village District.

In addition to the Town's ongoing efforts to strengthen downtown vibrancy and attract high-quality private investment through life sciences and advanced manufacturing, the Town continues to advance its long-term vision for Ting Park as both a regional destination and a cornerstone of community life in Holly Springs. Building upon its strong foundation as a premier athletics and events hub, the Town is pursuing opportunities to transform the surrounding area into a vibrant, walkable mixed-use district that integrates sports, recreation, dining, lodging, and retail. This vision will enhance community connectivity through expanded greenways and pedestrian links, support economic vitality by encouraging private investment through strategic public-private partnerships, and enrich the quality of life for residents and visitors alike. By leveraging Town-owned property and aligning development with the goals established in the Comprehensive Plan, Ting Park is poised to become a dynamic centerpiece that reflects the Town's commitment to thoughtful growth, recreation excellence, and a thriving local economy.

Interest from businesses remains strong, with the Economic Development Office reporting consistent inquiries from restaurateurs, retailers, and service providers seeking opportunities downtown. To support this growth, the Town Council has approved several conceptual enhancements, including an expanded farmers market, a dedicated festival street, new greenway connections, and revitalized park spaces. These initiatives will reinforce downtown's role as the heart of the community—welcoming people at all times of day, throughout the week, and across the seasons.

With these projects underway, Downtown Holly Springs is poised to deliver a thoughtfully designed mix of high-quality buildings, active streetscapes, and inviting public spaces. Together, these elements will create a vibrant, walkable downtown that embodies the Town's long-term goal of establishing a thriving and connected community core.

As mentioned, as of June 30, 2025, the Town's population was estimated to be 53,648. Over the span of the past decade the Town has grown by 72% with anticipated population to increase to 65,457 by June 30, 2030. Holly Spring's tax base has grown from \$3.5 billion in 2015 to \$12.9 billion in 2025. The Town issued 833 new building permits for new construction, additions and alterations in 2025, which included 662 for residential and 165 for non-residential. Permits issued valued over \$1.29 billion. Holly Springs remains a preferred residential location due to proximity to employment and cultural centers, low-crime rate, excellent schools, public services for residents and an increase in commercial development.

Holly Springs sales tax revenue increased by 2.6% over the previous fiscal year. The sales tax revenue budget for FY26 was budgeted conservatively and reflects no increase over FY25. This slowing growth is attributed to economic uncertainty with higher interest rates, elevated inflation and shift in consumer behavior and spending. Consumers are purchasing similar levels of taxable goods at higher retail prices. Wake County underwent a property tax revaluation in January 2024 and the Town's FY25 budget reflects, a property tax rate of 34.35 cents. This reflects an increase in ad valorem revenue of \$4,327,059 or a 20% increase. The Town's FY26 budget reflects an expected increase of \$1,910,374 or a 7.5% increase.

Staff remains mindful of certain economic and environmental factors that will continue to have financial impacts on the Town. As with organizations across the nation, the Town has been affected by the historically high levels of inflation, as well as the continued supply chain disruptions, geopolitical and tariff risks. Each of these factors has, and will continue, to significantly affect the Town financially, as witness to the increase in project costs for both the current and planned major capital projects and even operating costs. It is important to note this as the Town may also be affected by this increase in the cost of borrowing for our upcoming projects; meaning the "dollars will not stretch as far".

## Long Term Financial Planning and Major Initiatives

With respect to long-term financial planning, the Town has continued to benefit from a rapidly growing tax base to finance the necessary infrastructure and other capital expenditures to support the growth of the Town. Since 2016, the total assessed value of the tax base has increased from \$3.5 billion to \$12.9 billion. These additional tax revenues have allowed staff to continue to strengthen our fiscal management practices. It has also afforded us the opportunity to properly leverage borrowings for additional capital expenditures such as existing and additional town parks, as well as improvements to streets, sidewalks and greenways and secure our future water needs for a growing population. The Town continues to maintain a sufficient unassigned fund balance, which helps ensure that we have cash flow to provide the necessary flexibility for unanticipated opportunities and needs during emergencies and disasters. These factors were proven as the Town has maintained its strong credit rating of Aaa with Moody's Investor Service and AAA rating with Standard & Poor's.

Some highlights for fiscal year 2024-2025 are as follows:

- ❖ Fujifilm Biotechnologies manufacturing facility expansion, one of the world's leading biotechnology companies will invest an additional \$1.2 million in the Town, creating an additional 688 new jobs. Phase 1 was just recently completed.
- ❖ Adopted Downtown Area Plan to highlight how investments in the next 10-15 years would enhance the Town's Downtown for residents.
- ❖ Construction of the Middle Creek Greenway.
- ❖ Implemented a new Utility Debt Affordability Model
- ❖ Town received their first Revenue Bonds rating of Aa1 on its Enterprise Systems Revenue Bonds for the Sanford Water Filtration Facility Expansion project. The Sanford Water Capacity project is a partnership between the Town, City of Sanford and Town of Fuquay-Varina to expand the City of Sanford's Water Filtration facility and will secure the Town's water supply for future growth and development.
- ❖ Bond rating upgrade to Aaa from Moody's Investor Services
- ❖ Fire Station #3 opened as a replacement station to provide service to the Town's growing community.

The Town maintains a five-year community investment plan, more commonly referred to as a capital improvement plan, which serves as its planning document to ensure that facilities, equipment and infrastructure are well maintained. This process provides the ability to plan for capital needs and allocate short and long-term resources appropriately. The plan also serves as the basis for determining future debt issuance.

Below are a few projects which are in progress or have been completed over the past year:

Eagles Landing Park – park development west of NC 55; currently under construction with an anticipated opening date in 2027. The new park will include a new recreation center along with a playground and splash pad, an all-wheels skate park, basketball and pickleball courts, turf fields and a picnic shelter. The Town's \$100 million Parks and Recreation bond referendum was held in November 2023 with residents voting in favor of the bond issuance which will be issued in two tranches – the first was issued in February 2025 and the remainder will be issued in FY26.

- ❖ Holly Springs Road Widening – road widening to 4-lane median with sidewalk from Flint Point Lane to Sunset Lake Road
- ❖ Public Services Operation Center Campus – a new site location and facility to allow for expansion of utilities and infrastructure as well as public works functions. Construction has begun and is expected to be complete by Summer of 2026.
- ❖ Sanford Water Filtration Facility Expansion Project –partnership with the City of Sanford and Town of Fuquay-Varina for expansion of the Town's water capacity for current and future developments is currently in the construction phase with completion expected to be August 2028.
- ❖ Utley Creek Water Reclamation Facility - facility expansion will increase the current wastewater treatment capacity at the Utley Creek Wastewater Facility from 6 million gallons per day to 8 million gallons per day by 2029. This investment is currently estimated at \$240 million. Phase 1 of the Lab and Operators Building is currently under construction and Phase 2 is expected to commence late Spring 2026.

The Town actively monitors and manages its debt capacity and affordability. The Town has a formal policy which provides guidance and direction when considering the impact of future general government debt. Included in the most recent debt model update are planned issuances through June 2033. The Town has issued the remaining \$22 million of the total \$40 million in transportation bonds from the November 2018 referendum for transportation improvements and \$50 million from the November 2023 referendum for parks and recreation improvements with a remaining \$50 million authorized but unissued expected to be issued in early 2026. These bonds were issued for the following projects: Highway 55 Right Turn Lane, Avent Ferry Road Realignment, Main Street Eastbound Right Turn Lane and Holly Springs Road Widening.

- ❖ Management has the following planned debt issuance for the fiscal year ending June 30, 2026:
  - Holly Springs-Fuquay Varina Water Conveyance Line - \$35 million
- ❖ Utley Creek Water Reclamation Facility - \$240 million
- ❖ Parks and Recreation Development and Improvements - \$50 million -second tranche of \$100 million approved bond referendum

### **Budget Control**

In government, the budget is an integral part of a unit's accounting system and daily operations. The North Carolina General Statutes require all governmental units to adopt a balanced budget by July 1 of each year. The Town's budget ordinance, adopted by the Town Council, creates a legal limit on spending authorization. Budgetary control is facilitated using a requisition encumbrance and purchase order system that ensures the adequacy of funds prior to the placement of orders or the award of contracts.

### **Internal Control**

The Town is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Holly Springs for its comprehensive annual financial report for the fiscal year ended June 30, 2024, for a 20<sup>th</sup> consecutive year. To be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only and is the highest form of recognition awarded in the field of governmental financial reporting. We believe our current report continues to meet the program requirements and we are submitting to GFOA to determine its eligibility for another certificate.

In addition, the Town received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended June 30, 2024, for the 6th consecutive year and expects to again be awarded in for the fiscal year ended June 30, 2025. To qualify for the Distinguished Budget Presentation Award, the budget document had to be judged to be proficient as a policy document, a financial plan, an operations guide and a communications tool.

We appreciate the assistance and dedication of the staff throughout the year. The preparation of this report was made possible by the dedicated service and cooperation of Cherry Bekaert LLP. The cooperation of each department is appreciated as we work together to conduct the Town's financial audit and a special thank you goes to the Finance Department for their steadfast dedication in representing the Town. In addition, we also would like to thank the Mayor and Town Council for their continued support, guidance and advice in planning and conducting the financial activities of the Town in a responsible and progressive manner.

Respectfully submitted,

  
Randy J. Harrington  
Town Manager



Tina Stroupe  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Holly Springs  
North Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morill*

Executive Director/CEO

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**MAYOR AND COUNCILMEMBERS**

---



**Daniel H. Berry**

*Mayor Pro-Tem*

12/2021 to 12/2025

**Danielle Hewetson**

*Councilmember*

12/2023 to 12/2027

**Timothy Forrest**

*Councilmember*

12/2021 to 12/2025

**Annie Drees**

*Councilmember*

12/2023 to 12/2025

**Sean Mayefskie**

*Mayor*

12/2021 to 12/2025

**Chris Deshazor**

*Councilmember*

12/2023 to 12/2027

# Town of Holly Springs, North Carolina

## TOWN ADMINISTRATION AND SENIOR LEADERSHIP TEAM

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### Town Administration

**Randy J. Harrington**

*Town Manager\**

**Daniel Weeks**

*Assistant Town Manager*

**J. Scott Chase**

*Assistant Town Manager*

**John Schifano**

*Town Attorney\**

**Linda McKinney**

*Town Clerk\**

### Senior Leadership Team

**Kendra Parrish**

*Utilities & Infrastructure*

**Irena Krstanovic**

*Economic Development*

**LeRoy Smith**

*Fire*

**Sabrina McDonald**

*Human Resources*

**Jeff Wilson**

*Information Technology*

**LeeAnn Plumer**

*Parks and Recreation*

**Chris Hills**

*Development Services*

**Paul Liquorie**

*Police Chief*

**Cassie Hack**

*Communications and Marketing*

**Paige Scott**

*Public Works*

**Tina Stroupe**

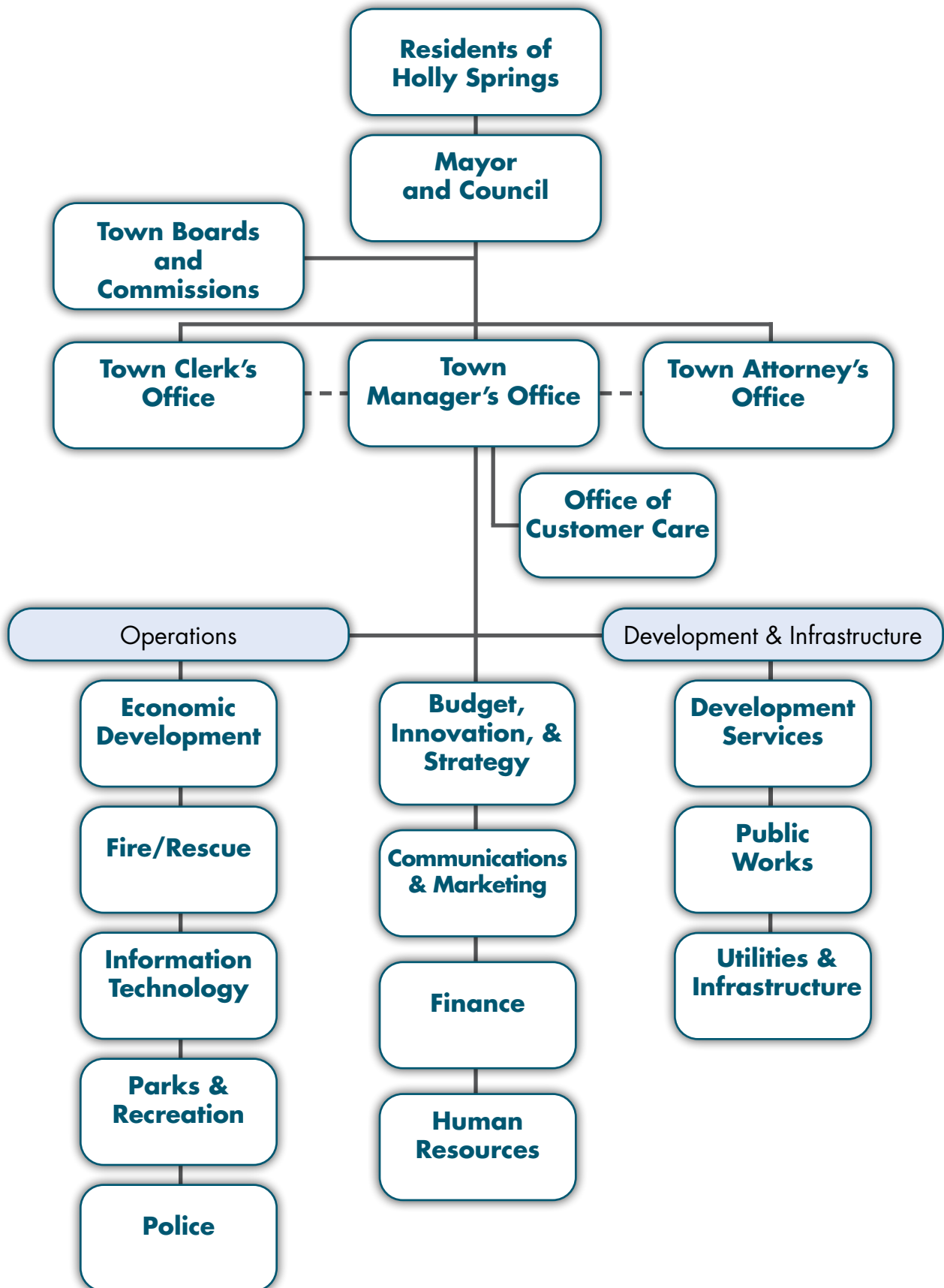
*Finance*

**Corey Petersohn**

*Budget, Innovation & Strategy*

\* The Town Manager, Town Attorney, and Town Clerk are appointed by Town Council.

# Town of Holly Springs, North Carolina Organization Chart



# **Town of Holly Springs, North Carolina**

## **History of Holly Springs**

As the name suggests, the Town of Holly Springs originated at a site where fresh waters trickled near age-old holly trees. In colonial times, a small cluster of homes and businesses formed around the original “holly springs” in an area that once was a Tuscarora Indian hunting ground.

A couple miles north at the intersection of two roads, one that went from Hillsborough to Smithfield and the other from Raleigh to the Cape Fear River and then on to Fayetteville, what is now downtown Holly Springs began to form.

It was at this crossroads that Scottish settler Archibald Leslie opened a tailoring business and store and began construction on a 180-acre estate that also contained freshwater springs. Today, all that remains is the main house, listed on the National Register of Historic Places as the Leslie-Alford-Mims House. The springs that supplied the home with water are accessible to the public by a short, winding dirt trail that winds through the woods and past a family cemetery. The house is a commanding landmark in the heart of downtown Holly Springs, having weathered nearly two centuries and a two-week occupation by Union troops during the Civil War.

About two blocks away downtown is the Masonic Lodge, constructed in 1854 and used as a school for girls in 1856. The structure is the oldest lodge and school building remaining in Wake County and still is used today for meetings and community events.

Another structure that survived the Civil War and remains standing today is the Norris-Holland-Hare house off Avent Ferry Road. The original portion was built by Needham Norris, the son of Revolutionary War veteran John Norris Jr., for whom the Daughters of the American Revolution erected a memorial stone on the west side of Avent Ferry Road, not far from where he is reported to be buried. The house built by Needham Norris remains on the opposite side of the road. For two weeks in April 1865, an encampment of Union soldiers encircled the home. The family lived upstairs while Union soldiers occupied the first floor as a field hospital.

Following the Civil War, about 50 freed men pooled their money to buy land for a church where First Baptist Church stands today on Grigsby Avenue. The African-American men and women who helped build the town before the Civil War kept the town alive after emancipation.

In 1875, George Benton Alford moved his mercantile business to Holly Springs where he built a general mercantile, now one of the oldest commercial structures in Wake County, which now houses Dewar’s Antiques. Alford led a successful effort to petition the North Carolina General Assembly to incorporate the Town of Holly Springs in 1877. After its establishment, the Holly Springs town boundary remained a solid, one-mile square for 110 years.

While the town’s economy boomed during the early 1900s, World War I drew men to war and families to bigger cities for improved employment opportunities. In 1924, the Bank of Holly Springs failed, the first bank in the state to go belly up before the great Depression of 1929. The

town lay fallow through World War II. In the latter half of the 20th century, however, progress returned to Holly Springs.

In the 1960s, the town installed streetlights and constructed a public water system. During the 1970s, Bernice Lassiter and James Norris were elected as the town's first African American commissioners. Norris became the first African American mayor of Holly Springs when he resigned as commissioner in 1980 to fill the vacated mayoral seat. Dessie Mae Womble became the first African American female police chief in North Carolina when she was hired in Holly Springs in the early 1980s.

The town was a community of a few hundred residents when Parrish "Ham" Womble became a Holly Springs Town Board member 1981. He served nearly three decades and is remembered for advocating purchase of a 46-acre tract of land that appeared slated for development. Womble wanted the town to use the land for a park instead. That land is now Parrish Womble Park in the heart of Holly Springs and is adjacent to the W.E. Hunt Recreation Center, named after William Earl Hunt, 14-year principal of Wake Optional School. The segregated school with four classrooms, coal-burning heaters but no running water was replaced with a brick building that was renovated into the facility that now serves as a popular community destination.

In 1985, a sewer plant was completed, attracting Warp Technologies, a textile company, to town. The town used the boost in tax base to expand utilities, in turn attracting further development, including the Sunset Ridge golf course community. Thus began another era of growth and prosperity that remains strong today. With a local and regional focus on attracting biotech companies, the Town of Holly Springs was chosen for the nation's first flu cell culture manufacturing facility in 2006. This facility opened for business in November 2009 with 350 employees. By 2017, the workforce had grown to about 550 full-time employees and 200 contract workers. The facility, now Seqirus, is the second largest flu vaccine manufacturer in the world.

From the past to the present, from the small-town atmosphere where people still know each other by name to the frequent, unique family-oriented activities, Holly Springs is a town that is continuing to grow not just in population and industry but also in heart.

# FINANCIAL SECTION



Prepared by the Town of Holly Springs Finance Department

## Report of Independent Auditor

To the Honorable Mayor and Town Council  
Town of Holly Springs  
Holly Springs, North Carolina

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Holly Springs, North Carolina (the "Town"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2025, and the changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter**

As discussed in Note 14 to the financial statements, the Town adopted Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, which resulted in a restatement of beginning net position. Our opinions are not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules, and other supplementary information, as listed in the table of contents, and schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, other supplementary information, and schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2024, which are not presented with the accompanying financial statements, and we expressed unmodified opinions on those basic financial statements. That audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The individual fund schedules contain comparative amounts for June 30, 2024, which are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2024 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In our opinion, the comparative amounts for June 30, 2024 in the individual fund schedules are fairly stated in, all material respects, in relation to the basic financial statements from which they have been derived.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cherry Bekaert LLP". The signature is written in black ink and is positioned to the left of a vertical yellow line.

Raleigh, North Carolina  
December 19, 2025

# **TOWN OF HOLLY SPRINGS, NORTH CAROLINA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

*JUNE 30, 2025*

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As management of the Town of Holly Springs (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2025. We encourage readers to read the information presented here in conjunction with the transmittal letter in the front of this report, the basic financial statements and accompanying notes to the financial statements, which follow this narrative.

### **Financial Highlights**

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$450.3 million (net position).
- Total net position increased by \$50 million in fiscal year 2025. \$24.8 million of the increase resulted from governmental activities and \$25.2 million resulted from business-type activities.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$159.8 million. The total fund balance increased \$4.4 million in the General Fund, \$7.7 million in the Debt Service Fund, \$10.4 million in the Street & Sidewalk Project Fund, \$48.6 million in the Parks & Recreation Project Fund, \$9.6 million in the Town Building Project Fund, and decreased \$0.9 million in the Nonmajor Funds, resulting in a net increase in total governmental funds combined fund balance of \$79.8 million.
- Approximately \$110.8 million of the total combined ending governmental fund balance is restricted as compared to \$40.3 million last year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$23.2 million or 37.2% of total General Fund expenditures (includes transfers but does not include debt service) for the fiscal year.
- The Town's bond rating is AAA with Standard and Poor's and Aaa with Moody's Rating Services.

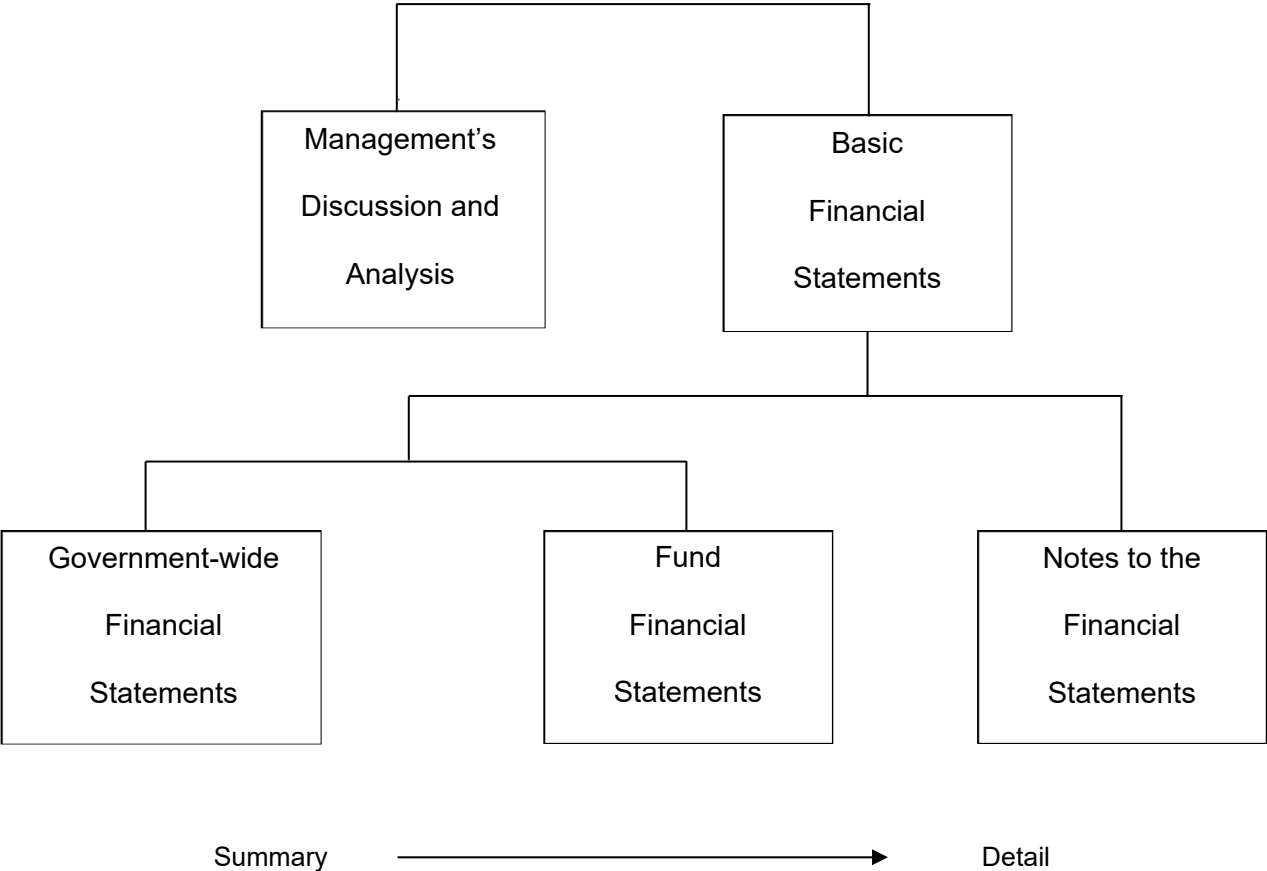
### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town.

JUNE 30, 2025

Required Components of Annual Comprehensive Financial Report

Figure 1



Basic Financial Statements

The first two statements (on pages 29-31) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town’s financial status.

The next statements (on pages 32 through 41) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town’s government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements and 3) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town’s individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

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### Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities, and 2) business-type activities. Governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. Business-type activities are those that the Town charges customers to provide. These include the utility, system development, and stormwater management services provided by the Town.

In accordance with the Governmental Accounting Standards Board criteria for inclusion in the reporting entity, the Town of Holly Springs has no component units that must be included in this report.

The government-wide financial statements are on pages 29-31 of this report.

### Fund Financial Statements

The fund financial statements (see page 32-35) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Holly Springs, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps them determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town has complied with the budget ordinance and whether the Town has succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

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**Proprietary Funds** – The Town has one type of proprietary fund, an *Enterprise Fund*. An Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an Enterprise Fund to account for its water and wastewater, system development fees and stormwater management program activities. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds** – A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The Town has established an Other Post Employment Benefit (OPEB) Trust Fund for reporting purposes.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 44-86 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found beginning on page 88 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a Town's financial condition. The Town's assets and deferred outflows exceeded liabilities and deferred inflows by \$450.3 million as of June 30, 2025. The Town's net position increased by \$50 million for the fiscal year ended June 30, 2025. The majority of the Town's net position (\$329.5 million or 73.2%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of the outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets are committed to the continued provision of service and cannot be used to liquidate these liabilities. An additional portion of the Town's net position (approx. \$33.2 million) represents resources that are subject to external restrictions on how they may be used.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

**Figure 2: Town of Holly Springs – Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 180,431,151	\$ 97,739,083	\$ 169,419,015	\$ 73,577,636	\$ 349,850,166	\$ 171,316,719
Capital assets	266,771,488	224,888,716	200,166,912	170,366,341	466,938,400	395,255,057
Total Assets	447,202,639	322,627,799	369,585,927	243,943,977	816,788,566	566,571,776
Deferred outflows of resources	11,754,013	12,560,797	2,772,581	3,139,846	14,526,594	15,700,643
Total Assets and Deferred Outflows of Resources	458,956,652	335,188,596	372,358,508	247,083,823	831,315,160	582,272,419
Noncurrent liabilities	212,021,436	114,248,787	122,287,084	35,893,438	334,308,520	150,142,225
Other liabilities	22,122,531	17,936,440	21,024,721	6,729,606	43,147,252	24,666,046
Total Liabilities	234,143,967	132,185,227	143,311,805	42,623,044	377,455,772	174,808,271
Deferred inflows of resources	2,963,343	2,736,551	553,798	555,841	3,517,141	3,292,392
Total Liabilities and Deferred Inflows of Resources	237,107,310	134,921,778	143,865,603	43,178,885	380,972,913	178,100,663
Net Position:						
Net investment in capital assets	165,699,888	148,342,614	163,776,280	143,352,599	329,476,168	291,695,213
Restricted	33,167,213	40,275,580	-	-	33,167,213	40,275,580
Unrestricted	22,982,241	11,648,624	64,716,625	60,552,339	87,698,866	72,200,963
Total Net Position	\$ 221,849,342	\$ 200,266,818	\$ 228,492,905	\$ 203,904,938	\$ 450,342,247	\$ 404,171,756

**Figure 3: Town of Holly Springs – Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 12,628,650	\$ 13,874,021	\$ 38,473,751	\$ 32,262,795	\$ 51,102,401	\$ 46,136,816
Operating grants and contributions	2,814,018	1,593,426	-	-	2,814,018	1,593,426
Capital grants and contributions	1,809,742	13,951,903	12,364,556	9,780,740	14,174,298	23,732,643
General revenues:						
Property taxes	44,466,157	32,829,321	-	-	44,466,157	32,829,321
Other taxes	918,365	879,636	-	-	918,365	879,636
Other revenues	22,210,803	21,130,120	5,071,842	1,232,539	27,282,645	22,362,659
Total Revenues	84,847,735	84,258,427	55,910,149	43,276,074	140,757,884	127,534,501
Expenses:						
General government	9,969,103	13,034,120	-	-	9,969,103	13,034,120
Public safety	18,847,544	20,463,322	-	-	18,847,544	20,463,322
Public works	7,495,454	11,707,891	-	-	7,495,454	11,707,891
Economic and physical development	10,691,519	6,523,202	-	-	10,691,519	6,523,202
Culture and recreation	5,586,678	9,940,763	-	-	5,586,678	9,940,763
Interest on long-term debt	4,956,507	2,954,291	-	-	4,956,507	2,954,291
Water and sewer	-	-	31,164,631	24,391,379	31,164,631	24,391,379
Stormwater management	-	-	2,076,017	1,958,774	2,076,017	1,958,774
Total Expenses	57,546,805	64,623,589	33,240,648	26,350,153	90,787,453	90,973,742
Increase in net position before transfers	27,300,930	19,635,838	22,669,501	16,925,921	49,970,431	36,561,759
Transfers	(2,476,432)	(50,000)	2,476,432	50,000	-	-
Increase in net position	24,824,498	19,585,838	25,145,933	16,975,921	49,970,431	36,561,759
Net position – beginning (as previously stated)	200,266,818	180,680,980	203,904,938	186,929,017	404,171,756	367,609,997
Restatement (see Note 14)	(3,241,974)	-	(557,966)	-	(3,799,940)	-
Net position – beginning (as restated)	197,024,844	180,680,980	203,346,972	186,929,017	400,371,816	367,609,997
Net position, end of year	\$ 221,849,342	\$ 200,266,818	\$ 228,492,905	\$ 203,904,938	\$ 450,342,247	\$ 404,171,756

# **TOWN OF HOLLY SPRINGS, NORTH CAROLINA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

*JUNE 30, 2025*

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### **Governmental Activities**

The Town's total governmental revenues were \$84.8 million. Program revenues (20.3%) include: Charges for services of \$12.6 million, operating grants and contributions \$2.8 million and capital grants and contributions of \$1.8 million. General revenues (79.7%) include: property taxes of \$44.5 million, other taxes of \$0.9 million and other miscellaneous revenues of \$22.2 million. The Town's total governmental expenses were \$57.5 million, resulting in an increase in the Town's net position of \$27.3 million minus \$2.5 million in transfers for a total increase in net position of \$24.8 million from governmental activities, accounting for 49.7% of the total growth in the Town's net position.

### **Business-Type Activities**

The Town's total business-type revenues were \$55.9 million. Program revenues (90.9%) include: Charges for services of \$38.5 million and capital grants and contributions of \$12.3 million. Other revenues equal \$5.1 million (9.1%). The Town's total business-type expenses were \$33.2 million which resulted in an increase in the Town's net position by \$22.7 million from business-type activities, plus \$2.5 million in transfers for a total increase in net position of \$25.2 million from business-type activities, accounting for 50.3% of the total growth in the Town's net position.

### **Financial Analysis of the Town's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements.

The General Fund is the chief operating fund of the Town. At the end of the fiscal year, the unassigned fund balance was \$23.2 million, while total fund balance increased by \$4.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. As of June 30, 2025, unassigned fund balance was 37.2% of the year's expenditures (38.9% in 2024) including transfers but not debt service, while the total fund balance represents 64.6% of the same amount (69.7% in 2024).

The Town's policy for General Fund unassigned fund balance is to target a range between 20–25% of total General Fund expenditures. Funds in excess of the lower limit (20%) can be appropriated for one-time use. If funds are less than the lower limit, the funds will be restored within 36 months of the end of the fiscal year.

# **TOWN OF HOLLY SPRINGS, NORTH CAROLINA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

*JUNE 30, 2025*

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At year-end, the governmental funds of the Town reported a combined total fund balance of \$159.8 million, an increase of \$79.8 million from the prior year. The nonmajor funds were comprised of special revenue funds. The total fund balances of the nonmajor funds were \$1.2 million, the Street & Sidewalk Project Fund was \$24.6 million, Park & Recreation Project Fund was \$56.2 million, Town Building Project Fund was \$16.2 million, and the Debt Service Fund was \$21.3 million.

### **General Fund Budgetary Highlights**

During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain or expand services.

The Town made only minor changes to its General Fund revenue estimates in order to recognize increases in revenues due to grant funding received during the year and increases in fee revenues associated mainly in our Parks and Recreation programs. Actual revenues were higher than original anticipated revenue projections for FY25. As we continued to work through the uncertainty of the current economy, revenue receipts and expenditure budgets were closely monitored to effectively assess the current economy on our financial projections and standing. Actual expenditures were \$4.2 million less than appropriated.

A portion of this amount represents position vacancies throughout the budget year along with other delayed expenditures. In addition, the Town remains affected by delays found within the supply chain. In response to this unavoidable challenge, staff have expedited several large purchases, which are expected to have lengthy lead-times. These include purchasing of police vehicles and solid waste vehicles and equipment.

### **Governmental Funds Highlights**

In the fiscal year ending June 30, 2025, the Town increased its unassigned fund balance to 37.2% of total General Fund expenditures. As discussed above, the Town's policy is to remain between 20-25%.

During the year, activity of capital projects funded with transportation bonds has ramped up. These bonds are funding the following projects: Highway 55 Right Turn Lane, Avent Ferry Road Realignment, Main Street Eastbound Right Turn Lane and Holly Springs Road Widening. Construction began on Eagles Landing Park, funded by voter-approved bonds, and will provide residents with an indoor recreation center, outdoor splash pad, and an all-wheels skate park, as well as a variety of sports courts, turf fields, trails and greenways. The Town completed phase one and began phase two of the Operations Center Complex, which will address space needs at Town Hall and the Town's Public Works facility, and completed construction of Fire Station 3. As a result of the challenges within the market, project construction costs have continued to rise. Staff remains cognizant of this challenge, continues to value-engineer all projects and identify options to adequately manage these costs.

### **Proprietary Funds**

Unrestricted net position of the Utility Fund at the end of the fiscal year was \$38.9 million, the Stormwater Management Fund was \$1.8 million, and the System Development Fee Fund was \$24.0 million. The net increase in net position was \$25.2 primarily due to charges for services, grants and contributions and the System Development Fee Fund for infrastructure needs.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

The Town has partnered with the City of Sanford, NC and the Town of Fuquay-Varina, NC to expand the Sanford Water Filtration Facility. The Town of Holly Springs' portion of the project is \$81 million, and it will secure the Town's future water needs with increased water capacity for the Town's growth. The Town will also partner with the Town of Fuquay-Varina, NC to construct a transmission line to convey the treated water from the expanded Sanford Water Filtration Facility to Holly Springs and Fuquay-Varina. Additionally, design has begun for the expansion of the Town's Utley Creek Water Reclamation Facility, which will increase wastewater treatment capacity from 6 MGD to 8 MGD. Phase one of this project, the Lab and Operators Building, will begin in fall 2025 and phase two will begin in spring 2026.

### Capital Asset and Debt Administration

#### Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2025, totals \$466.9 million (net of depreciation). These assets include land, buildings, roads, intangible assets, machinery and equipment, vehicles and right of use assets.

Major capital asset transactions during the year include:

- Departmental vehicle purchases - \$1,546,023
- Developer contributions - \$7,120,175
- Rear loader solid waste truck - \$231,809
- Powell Bill streets, right of way and sidewalks - \$7,640,727

**Figure 4: Town of Holly Springs – Net Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 42,233,892	\$ 40,101,166	\$ 168,895	\$ 168,895	\$ 42,402,787	\$ 40,270,061
Buildings and Improvements	21,711,067	22,540,838	96,267	101,378	21,807,334	22,642,216
Water and sewer operating plant	-	-	121,391,547	123,228,424	121,391,547	123,228,424
Improvements other than buildings	12,217,259	13,276,812	-	-	12,217,259	13,276,812
Intangible assets (water rights)	-	-	2,590,056	2,759,013	2,590,056	2,759,013
Right to use - subscriptions, building and equipment	2,050,349	688,349	450,849	459,537	2,501,198	1,147,886
Machinery and equipment	372,282	816,884	334,748	244,200	707,030	1,061,084
Infrastructure	86,382,700	79,947,616	1,328,886	1,375,804	87,711,586	81,323,420
Vehicles and motorized equipment	6,925,292	6,408,927	2,162,613	1,680,311	9,087,905	8,089,238
Sanford Water Filtration Facility	-	-	8,334,994	-	8,334,994	-
Construction in progress	94,878,647	61,108,124	63,308,057	40,348,779	158,186,704	101,456,903
Total	<u>\$ 266,771,488</u>	<u>\$ 224,888,716</u>	<u>\$ 200,166,912</u>	<u>\$ 170,366,341</u>	<u>\$ 466,938,400</u>	<u>\$ 395,255,057</u>

Additional information on the Town's capital assets can be found on pages 57-58 of the notes to the financial statements of this report.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

### Outstanding Debt

#### Long-Term Debt

As of June 30, 2025, the Town had total long-term debt of \$334.3 million. Of this amount, \$103.4 million represents bonded debt backed by the full faith and credit of the Town. The remainder of the Town's bonded debt is revenue bonds of \$74.0 million which is secured solely by specified revenue sources. In addition to bonded debt, the Town's long-term debt includes installment purchase obligations of \$12.3 million and limited obligation bonds of \$76.3 million.

The Town issued general obligation debt in FY25 in the amount of \$68 million, of which \$50 million was issued for parks and recreation projects and \$18 million for transportation projects. The interest rate is 3.48% and provided the Town a bond premium of \$6.7 million. \$50 million in general obligation debt remains authorized but unissued at June 30, 2025, with an anticipated issuance date of spring 2026.

The Town has three outstanding revenue bonds. \$16.1 million was issued to finance 8 million gallons of water capacity from Harnett County, \$10 million for the expansion to the Town's wastewater treatment plant from 1.75 MGD to 6 MGD and \$66.8 million was issued as part of the funding for the Sanford Water Filtration Facility Expansion partnership.

The Town has recorded \$40.4 million of compensated absences and retirement liabilities for employees.

The following chart summarizes the Town's long-term debt as of June 30, 2025:

**Figure 5: Town of Holly Springs - Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Installment financing contracts	\$ 4,303,587	\$ 4,749,894	\$ 7,961,955	\$ 7,888,938	\$ 12,265,542	\$ 12,638,832
General obligation bonds	97,769,918	31,807,126	5,615,082	6,137,875	103,385,000	37,945,001
Limited obligation bonds	56,430,000	39,925,000	19,915,000	1,325,000	76,345,000	41,250,000
Revenue bonds	-	-	74,039,141	8,821,074	74,039,141	8,821,074
Bond premiums	18,216,991	9,595,284	7,228,314	958,640	25,445,305	10,553,924
Lease liabilities	354,502	134,136	482,341	483,745	836,843	617,881
Subscription liabilities	1,634,684	573,424	-	-	1,634,684	573,424
Compensated absences	6,521,007	2,337,299	1,044,060	460,389	7,565,067	2,797,688
Net OPEB liability	4,184,167	4,027,080	1,098,872	1,076,951	5,283,039	5,104,031
Pension liability (LGERS)	18,666,403	17,973,522	4,902,319	4,806,520	23,568,722	22,780,042
Total pension liability (LEOSA)	3,940,177	3,126,022	-	-	3,940,177	3,126,022
Total	\$ 212,021,436	\$ 114,248,787	\$ 122,287,084	\$ 31,959,132	\$ 334,308,520	\$ 146,207,919

The Town's long-term debt increased by \$188.1 million during the fiscal year, with the inclusion of the compensated absences and employee retirement benefits.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt limit for Town as of June 30, 2025 is \$1,034,332,087 and the Town's legal debt margin is \$768,220,270.

Additional information on the Town's long-term debt can be found in the notes to the financial statements on pages 72-82 of this report.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

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### Budget Highlights for the Fiscal Year Ending June 30, 2026

#### **Governmental Activities**

The adopted General Fund budget for fiscal year 2026 totals \$65,131,081, an 8.5% increase from the adopted budget for fiscal year 2025 with most of the increase associated with new capital investments. Property taxes account for the largest percentage (46%) of total General Fund revenues and are projected to increase to \$30 million. The Town's FY26 property tax rate is 34.35 cents per \$100 of assessed value and is unchanged from the FY25 tax rate. The FY26 adopted budget reflects strong economic vitality and represents the values and priorities of Holly Springs. The Town has chosen not to appropriate fund balance in the FY26 budget.

#### **Personnel**

To keep pace with the population growth, and to continue providing excellent service, the Town will add seven new positions and will have four position reductions, for a net total of three new positions. Council has also chosen to invest in staff for the Town remain a top employer of choice in the area and has adopted a merit-based pay program with a total impact to the FY26 budget of \$984,311. Further, the Town participates in the North Carolina Health Insurance Pool "NCHIP", an intergovernmental cooperative, to provide a more stable and cost-effective healthcare plan for its employees. In FY26, health insurance premiums are anticipated to rise by only 3.7%.

#### **Operations**

The FY26 budget highlights a new Microtransit program which is designed to provide a responsive public transit option with the flexibility to meet the needs of Town residents. The current budget also addresses the Town's growing corrective facility maintenance needs as well as preventative maintenance needs to address aging conditions of facilities used by both residents and employees. The replacement of necessary building systems to operate facilities in a safe manner consistent with resident expectations is also funded in the budget.

#### **Capital Investments**

The Town updates the Community Investment Plan (CIP) document annually. The CIP is a 5-year planning tool designed to enhance the Town's ability to match capital investment needs with available resources. Over the past decade, the Town has experienced significant growth and strives to continue providing quality service to its citizens. With this in mind, Council has included funding for a new fire station (\$13 million), Operations Center Complex (\$48 million – shared between the General Fund and Utility Fund), a replacement fire truck (\$1.5 million) and Eagles Landing Park.

- Eagles Landing Park is an important investment for the community as it will help further our goals of providing more access to parks and greenways in the growing, western portion of the Town's limits. It will be the first park west of NC 55. The Park will help meet the needs of our growing community with indoor recreational facilities which is an attractive element to support economic investment in the region.
- The Operation Center Complex will address current and future space needs at Town Hall and at the Public Works facility. The new campus will consolidate Town services into a single campus that will improve service efficiency, reduce redundancies and conserve the Town's physical, financial and natural resources. Construction for the new facility is underway and expected to be completed in summer 2026.

# **TOWN OF HOLLY SPRINGS, NORTH CAROLINA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

*JUNE 30, 2025*

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### **Business-Type Activities**

The Town has several significant upcoming utility projects. The most notable are Sanford Water Filtration Facility Expansion (\$81.9 million), Holly Springs-Fuquay Conveyance Line (\$51 million) and the Utley Creek Water Reclamation Facility Upgrade (\$240 million). The Town issued \$66 million in revenue bonds for the Sanford Water Filtration Facility Expansion project in August 2024, with the remaining project costs funded by grants, state revolving forgivable loans and other general government revenues. A 15% increase to utility rates was adopted for FY26.

### **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Tina Stroupe, Finance Director, Town of Holly Springs, PO Box 8, Holly Springs, North Carolina, 27540.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**

*JUNE 30, 2025*

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 72,565,913	\$ 57,351,008	\$ 129,916,921
Cash and investments – restricted	9,475,387	8,308,070	17,783,457
Receivables (net of allowance for uncollectibles):			
Property taxes	40,893	-	40,893
Sales taxes	1,059,502	91,416	1,150,918
Due from other governments	5,396,352	6,829,370	12,225,722
Accounts receivable	673,998	8,362,458	9,036,456
Other receivables	1,073	250,915	251,988
Prepays	588,846	108,387	697,233
Lease receivables	98,837	11,408	110,245
Total current assets	89,900,801	81,313,032	171,213,833
Noncurrent assets:			
Cash and investments – restricted	89,464,741	87,865,588	177,330,329
Lease receivable	1,065,609	240,395	1,306,004
Capital assets:			
Assets not being depreciated	137,112,539	71,811,946	208,924,485
Assets being depreciated, net	129,658,949	128,354,966	258,013,915
Total noncurrent assets	357,301,838	288,272,895	645,574,733
Total assets	447,202,639	369,585,927	816,788,566
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related	11,139,866	2,611,290	13,751,156
OPEB related	614,147	161,291	775,438
Total deferred outflows of resources	11,754,013	2,772,581	14,526,594
Total assets and deferred outflows of resources	458,956,652	372,358,508	831,315,160
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	13,015,067	10,597,692	23,612,759
Due to other governments	261,241	-	261,241
Other accrued liabilities	1,273,641	376,898	1,650,539
Accrued interest payable	2,705,534	1,453,475	4,159,009
Liabilities payable from restricted assets	4,322,950	7,916,743	12,239,693
Unearned revenue	544,098	679,913	1,224,011
Noncurrent liabilities:			
Due within one year	16,023,275	4,942,697	20,965,972
Due in more than one year	195,998,161	117,344,387	313,342,548
Total liabilities	234,143,967	143,311,805	377,455,772

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**

*JUNE 30, 2025*

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Leases related	1,179,268	242,744	1,422,012
Prepaid taxes	7,998	-	7,998
Pension related	859,279	70,279	929,558
OPEB related	916,798	240,775	1,157,573
Total deferred inflows of resources	2,963,343	553,798	3,517,141
Total liabilities and deferred inflows of resources	237,107,310	143,865,603	380,972,913
<b>NET POSITION</b>			
Net investment in capital assets	165,699,888	163,776,280	329,476,168
Restricted for:			
Stabilization by State Statute	10,973,048	-	10,973,048
Inspections	691,741	-	691,741
Economic development	40,977	-	40,977
Streets and sidewalk improvement	8,171,483	-	8,171,483
Public safety	1,158,217	-	1,158,217
Public works	95,896	-	95,896
Parks and recreation	12,027,537	-	12,027,537
General government programs	8,314	-	8,314
Unrestricted	22,982,241	64,716,625	87,698,866
Total net position	\$ 221,849,342	\$ 228,492,905	\$ 450,342,247

The notes to the financial statements are an integral part of this statement.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 9,969,103	\$10,708,598	\$ 1,284,122	\$ -	\$ 2,023,617	\$ -	\$ 2,023,617
Public safety	18,847,544	-	-	-	(18,847,544)	-	(18,847,544)
Economic and physical development	10,691,519	53,019	-	1,578,731	(9,059,769)	-	(9,059,769)
Culture and recreation	5,586,678	1,867,033	-	231,011	(3,488,634)	-	(3,488,634)
Public works	7,495,454	-	1,529,896	-	(5,965,558)	-	(5,965,558)
Interest on long term debt	4,956,507	-	-	-	(4,956,507)	-	(4,956,507)
Total governmental activities	57,546,805	12,628,650	2,814,018	1,809,742	(40,294,395)	-	(40,294,395)
Business-type activities:							
Utility	31,164,631	29,855,091	-	12,364,556	-	11,055,016	11,055,016
System development fee	-	6,936,493	-	-	-	6,936,493	6,936,493
Stormwater management	2,076,017	1,682,167	-	-	-	(393,850)	(393,850)
Total business-type activities	33,240,648	38,473,751	-	12,364,556	-	17,597,659	17,597,659
Total primary government	<u>\$90,787,453</u>	<u>\$51,102,401</u>	<u>\$ 2,814,018</u>	<u>\$14,174,298</u>	<u>(40,294,395)</u>	<u>17,597,659</u>	<u>(22,696,736)</u>
General revenues and transfers							
General revenues:							
Property taxes, levied for general purpose					44,466,157	-	44,466,157
Other taxes and licenses					918,365	-	918,365
Unrestricted intergovernmental					17,612,359	-	17,612,359
Unrestricted investment earnings					4,231,864	5,022,493	9,254,357
Miscellaneous					247,172	-	247,172
Gain on sale of assets					119,408	49,349	168,757
Transfers					(2,476,432)	2,476,432	-
Total general revenues, and transfers					65,118,893	7,548,274	72,667,167
Change in net position					24,824,498	25,145,933	49,970,431
Net position – beginning (as previously stated)					200,266,818	203,904,938	404,171,756
Restatement (see Note 14)					(3,241,974)	(557,966)	(3,799,940)
Net position – beginning (as restated)					197,024,844	203,346,972	400,371,816
Net position – ending					<u>\$ 221,849,342</u>	<u>\$ 228,492,905</u>	<u>\$ 450,342,247</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

JUNE 30, 2025

	Major Funds					Total Nonmajor Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Street & Sidewalk Project Fund	Park & Recreation Project Fund	Town Building Project Fund		
<b>ASSETS</b>							
Cash and cash equivalents	\$32,408,343	\$ 21,229,255	\$ 6,531,152	\$ 11,735,447	\$ 661,716	\$ -	\$ 72,565,913
Cash and investments – restricted	8,376,798	-	20,752,155	49,509,268	19,017,424	1,284,483	98,940,128
Receivables (net of allowance for uncollectibles):							
Property taxes	25,824	15,069	-	-	-	-	40,893
Sales taxes	831,773	-	26,898	27,180	173,651	-	1,059,502
Due from other governments	4,932,511	84,354	144,899	232,093	-	2,495	5,396,352
Accounts receivable	657,581	-	15,967	-	-	450	673,998
Interest	1,073	-	-	-	-	-	1,073
Lease receivable	1,164,446	-	-	-	-	-	1,164,446
Prepays	588,846	-	-	-	-	-	588,846
Total assets	<u>\$ 48,987,195</u>	<u>\$ 21,328,678</u>	<u>\$ 27,471,071</u>	<u>\$ 61,503,988</u>	<u>\$ 19,852,791</u>	<u>\$ 1,287,428</u>	<u>\$ 180,431,151</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 5,768,256	\$ 3,491	\$ 2,627,320	\$ 5,286,064	\$ 3,652,035	\$ 851	\$ 17,338,017
Accrued liabilities	1,273,641	-	-	-	-	-	1,273,641
Due to other governments	-	-	241,103	20,138	-	-	261,241
Unearned revenue	388,096	-	-	-	45,867	110,135	544,098
Total liabilities	<u>7,429,993</u>	<u>3,491</u>	<u>2,868,423</u>	<u>5,306,202</u>	<u>3,697,902</u>	<u>110,986</u>	<u>19,416,997</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenues - property taxes	25,824	15,069	-	-	-	-	40,893
Leases related	1,179,268	-	-	-	-	-	1,179,268
Prepaid taxes	5,051	2,947	-	-	-	-	7,998
Total deferred inflows of resources	<u>1,210,143</u>	<u>18,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,228,159</u>
<b>FUND BALANCES</b>							
<b>Nonspendable:</b>							
Prepays	588,846	-	-	-	-	-	588,846
<b>Restricted:</b>							
Stabilization by State Statute	10,973,048	-	-	-	-	-	10,973,048
Inspections	-	-	-	-	-	691,741	691,741
Economic development	-	-	-	-	-	40,977	40,977
General government	-	-	-	-	8,314	-	8,314
Public safety	-	-	-	-	3,294,231	410,907	3,705,138
Parks and recreation	-	-	-	56,197,786	-	32,817	56,230,603
Street and sidewalk improvements	1,452,567	-	24,602,648	-	-	-	26,055,215
Public works	247,914	-	-	-	12,852,344	-	13,100,258
<b>Committed:</b>							
Public safety	446,842	-	-	-	-	-	446,842
PayGo	2,968,366	-	-	-	-	-	2,968,366
<b>Assigned:</b>							
General government	440,000	-	-	-	-	-	440,000
Debt service	-	21,307,171	-	-	-	-	21,307,171
<b>Unassigned</b>	<u>23,229,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,229,476</u>
Total fund balances	<u>40,347,059</u>	<u>21,307,171</u>	<u>24,602,648</u>	<u>56,197,786</u>	<u>16,154,889</u>	<u>1,176,442</u>	<u>159,785,995</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 48,987,195</u>	<u>\$ 21,328,678</u>	<u>\$ 27,471,071</u>	<u>\$ 61,503,988</u>	<u>\$ 19,852,791</u>	<u>\$ 1,287,428</u>	<u>\$ 180,431,151</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**RECONCILIATION OF GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**

JUNE 30, 2025

Total fund balance – governmental funds		\$ 159,785,995
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets of \$343,756,721, net of accumulated depreciation of \$76,985,233, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		266,771,488
Differences between expected and actual experiences, assumptions changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of on the statement of net position.		
Deferred outflows - pension related	11,139,866	
Deferred outflows - OPEB related	614,147	
Deferred inflows - pension related	(859,279)	
Deferred inflows - OPEB related	(916,798)	
Total deferred outflows and inflows related to pension and postemployment benefits		9,977,936
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds.		
Unavailable resources		40,893
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the fund statements:		
General obligation bonds	(97,769,918)	
Limited obligation bonds	(56,430,000)	
Installment financing contracts	(4,303,587)	
Leases payable	(354,502)	
Subscription liabilities	(1,634,684)	
Compensated absences	(6,521,007)	
Interest payable	(2,705,534)	
Total pension liability - LEOSSA	(3,940,177)	
Pension liability - LGERS	(18,666,403)	
Net OPEB liability	(4,184,167)	
Total long-term liabilities		(196,509,979)
Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Premium on bonds	(18,216,991)	
Total premiums		(18,216,991)
Net position of governmental activities		<u>\$ 221,849,342</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2025

	Major Funds						
	General Fund	Debt Service Fund	Street & Sidewalk Project Fund	Park & Recreation Project Fund	Town Building Project Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES							
Taxes:							
Ad valorem taxes	\$ 28,138,301	\$ 16,328,284	\$ -	\$ -	\$ -	\$ -	\$ 44,466,585
Other taxes	918,365	-	-	-	-	-	918,365
Unrestricted intergovernmental	18,211,740	-	-	-	-	-	18,211,740
Restricted intergovernmental	1,663,540	-	1,578,731	231,011	401,098	149,999	4,024,379
Permits and fees	1,935,566	-	-	-	-	-	1,935,566
Sales and services	8,773,032	-	53,019	1,867,033	-	-	10,693,084
Investment earnings	1,422,163	529,519	495,226	700,909	1,041,981	42,066	4,231,864
Miscellaneous	123,851	100,000	-	12,000	7,121	4,200	247,172
Total revenues	61,186,558	16,957,803	2,126,976	2,810,953	1,450,200	196,265	84,728,755
EXPENDITURES							
Current:							
General government	10,363,857	134,529	39,012	-	-	175,000	10,712,398
Public safety	22,339,019	-	-	-	-	296,015	22,635,034
Public works	8,433,901	-	-	-	-	1,900	8,435,801
Economic and physical development	5,828,721	-	-	-	-	-	5,828,721
Cultural and recreational	6,549,272	-	-	-	-	25,741	6,575,013
Capital outlay	4,206,801	-	9,188,499	11,565,603	11,460,337	403,845	36,825,085
Debt service:							
Principal	646,078	5,810,388	-	-	-	-	6,456,466
Interest and other charges	9,200	3,411,134	112,669	312,974	217,208	-	4,063,185
Total expenditures	58,376,849	9,356,051	9,340,180	11,878,577	11,677,545	902,501	101,531,703
Excess (deficiency) of revenues over expenditures	2,809,709	7,601,752	(7,213,204)	(9,067,624)	(10,227,345)	(706,236)	(16,802,948)
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	3,121,314	140,000	250,000	2,792,505	(843,017)	425,967	5,886,769
Transfers to other funds	(4,776,511)	-	(2,455,360)	-	(478,742)	(652,588)	(8,363,201)
Proceeds from sale of capital assets	120,242	-	-	-	-	-	120,242
Proceeds from long term debt issued	1,241,873	-	18,000,000	50,000,000	18,590,000	-	87,831,873
Premiums on long term debt issued	-	-	1,774,035	4,927,875	2,542,858	-	9,244,768
Lease and subscription liabilities issued	1,927,704	-	-	-	-	-	1,927,704
Loss on termination of lease	(53,939)	-	-	-	-	-	(53,939)
Total other financing sources (uses)	1,580,683	140,000	17,568,675	57,720,380	19,811,099	(226,621)	96,594,216
Net change in fund balances	4,390,392	7,741,752	10,355,471	48,652,756	9,583,754	(932,857)	79,791,268
Fund balances - beginning	35,956,667	13,565,419	14,247,177	7,545,030	6,571,135	2,109,299	79,994,727
Fund balances - ending	\$ 40,347,059	\$ 21,307,171	\$ 24,602,648	\$ 56,197,786	\$ 16,154,889	\$ 1,176,442	\$ 159,785,995

The notes to the financial statements are an integral part of this statement.

# **TOWN OF HOLLY SPRINGS, NORTH CAROLINA**

## **RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

*YEAR ENDED JUNE 30, 2025*

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Net change in fund balances--total governmental funds	\$ 79,791,268
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount in which capital outlays exceeded depreciation expense in the current period.

41,882,773

The net effect of various miscellaneous transactions involving capital assets  
(i.e., sales, trade-ins, terminations and donations) is to decrease net position.

(53,940)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes

(428)

Total revenues

(428)

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Repayment of long-term debt

6,456,466

Long-term debt issued

(87,831,873)

Premiums on long-term debt issued

(9,244,768)

Debt for leases/SBITAs

(1,927,704)

Loss on termination of lease

53,939

Total bond and other debt proceeds

(92,493,940)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest on long-term debt

(1,516,383)

Amortization of premium/discount

623,061

Compensated absences

(941,741)

Changes in pension liabilities and related deferred outflows and inflows of resources

(2,420,288)

Changes in OPEB liabilities and related deferred outflows and inflows of resources

(45,884)

**Change in net position of governmental activities**

\$ 24,824,498

The notes to the financial statements are an integral part of this statement.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP)**

YEAR ENDED JUNE 30, 2025

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Positive (Negative)</b>
<b>REVENUES</b>				
Taxes:				
Ad valorem taxes	\$ 27,459,547	\$ 27,459,547	\$ 28,138,301	\$ 678,754
Other taxes	893,250	893,250	918,365	25,115
Unrestricted intergovernmental	17,776,286	17,776,286	18,211,740	435,454
Restricted intergovernmental	98,400	98,400	129,259	30,859
Permits and fees	2,724,500	2,724,500	1,935,565	(788,935)
Sales and services	8,321,800	8,327,951	8,652,593	324,642
Investment earnings	450,000	709,314	1,323,586	614,272
Miscellaneous	233,000	233,000	212,461	(20,539)
Total revenues	57,956,783	58,222,248	59,521,870	1,299,622
<b>EXPENDITURES</b>				
Current:				
General government	11,816,391	11,466,150	10,435,737	1,030,413
Public safety	22,383,674	22,778,481	22,339,015	439,466
Public works	8,857,469	9,034,172	8,433,900	600,272
Economic and physical development	6,988,280	6,835,190	5,852,443	982,747
Cultural and recreational	6,873,892	6,863,315	6,549,267	314,048
Capital Outlay	2,160,000	4,467,523	3,638,892	828,631
Total expenditures	59,079,706	61,444,831	57,249,254	4,195,577
Excess (deficiency) of revenues over expenditures	(1,122,923)	(3,222,583)	2,272,616	5,495,199
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated fund balance	-	4,209,279	-	(4,209,279)
Transfers from other funds	360,923	424,923	716,588	291,665
Transfers to other funds	(940,000)	(4,677,261)	(4,676,511)	750
Proceeds from sale of capital assets	150,000	150,000	120,242	(29,758)
Lease and subscription liabilities issued	-	1,927,706	1,927,704	(2)
Proceeds from sale of debt	1,552,000	1,241,876	1,241,873	(3)
Loss on termination of lease	-	(53,940)	(53,939)	1
Total other financing sources (uses)	1,122,923	3,222,583	(724,043)	(3,946,626)
Net change in fund balance	\$ -	\$ -	1,548,573	\$ 1,548,573
Fund balance - Beginning of year			30,357,680	
Fund balance - End of year			\$ 31,906,253	

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND (NON-GAAP)**

*YEAR ENDED JUNE 30, 2025*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
A legally budgeted Powell Bill Fund is consolidated into the General Fund for reporting purposes:				
Restricted intergovernmental			\$ 1,541,096	
Investment earnings			87,736	
Operating expenditures			(128,876)	
Capital outlay			(92,696)	
Fund balance - beginning of year			2,394,264	
Law Enforcement Officers' Special Separation Allowance is consolidated into the General Fund for reporting purposes:				
Miscellaneous revenues			25,000	
Investment earnings			10,841	
Fund balance - beginning of year			411,001	
A legally budgeted PayGo Fund is consolidated into the General Fund for reporting purposes:				
Operating expenditures			(688,351)	
Capital outlay			(217,657)	
Lease liability issued			2,404,726	
Transfer in			(100,000)	
Fund balance - beginning of year			<u>2,793,722</u>	
Fund balance - end of year			<u>\$ 40,347,059</u>	

The notes to the financial statements are an integral part of this statement.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

JUNE 30, 2025

	Major Funds			Totals
	Utility Fund	System Development Fee Fund	Stormwater Management Fund	Enterprise Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 31,057,294	\$ 24,002,193	\$ 2,291,521	\$ 57,351,008
Accounts receivable (net of allowance for uncollectibles)	8,122,790	-	239,668	8,362,458
Sales taxes receivable	91,416	-	-	91,416
Lease receivables	11,408	-	-	11,408
Interest receivable	250,915	-	-	250,915
Due from other governments	6,829,370	-	-	6,829,370
Prepays	108,387	-	-	108,387
Total current assets	46,471,580	24,002,193	2,531,189	73,004,962
Noncurrent assets:				
Cash and investments - restricted	92,410,160	-	3,763,498	96,173,658
Lease receivable, noncurrent	240,395	-	-	240,395
Capital assets:				
Assets not being depreciated	71,811,946	-	-	71,811,946
Assets being depreciated, net	126,504,517	-	1,850,449	128,354,966
Total noncurrent assets	290,967,018	-	5,613,947	296,580,965
Total assets	337,438,598	24,002,193	8,145,136	369,585,927
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related	2,226,609	-	384,681	2,611,290
OPEB related	137,563	-	23,728	161,291
Total deferred outflows of resources	2,364,172	-	408,409	2,772,581
Total assets and deferred outflows of resources	339,802,770	24,002,193	8,553,545	372,358,508
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	10,588,321	-	9,371	10,597,692
Interest payable	1,453,475	-	-	1,453,475
Accrued liabilities	327,596	-	49,302	376,898
Unearned revenue	679,913	-	-	679,913
Liabilities payable from restricted assets	4,153,245	-	3,763,498	7,916,743
Current portion of long-term liabilities	4,243,177	-	699,520	4,942,697
Total current liabilities	21,445,727	-	4,521,691	25,967,418
Noncurrent liabilities:				
Long-term liabilities, less current portion	117,003,448	-	340,939	117,344,387
Total noncurrent liabilities	117,003,448	-	340,939	117,344,387
Total liabilities	138,449,175	-	4,862,630	143,311,805
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Leases related	242,744	-	-	242,744
Pension related	59,926	-	10,353	70,279
OPEB related	205,353	-	35,422	240,775
Total deferred inflows of resources	508,023	-	45,775	553,798
Total liabilities and deferred inflows of resources	138,957,198	-	4,908,405	143,865,603
<b>NET POSITION</b>				
Net investment in capital assets	161,929,211	-	1,847,069	163,776,280
Unrestricted	38,916,361	24,002,193	1,798,071	64,716,625
Total net position	\$ 200,845,572	\$ 24,002,193	\$ 3,645,140	\$ 228,492,905

The notes to the financial statements are an integral part of this statement.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2025

	Major Funds			Totals
	Utility Fund	System Development Fee Fund	Stormwater Management Fund	Enterprise Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 24,766,064	\$ -	\$ 1,682,167	\$ 26,448,231
Water and sewer tap fees	83,470	-	-	83,470
Other operating revenue	5,005,557	6,936,493	-	11,942,050
Total operating revenues	29,855,091	6,936,493	1,682,167	38,473,751
<b>OPERATING EXPENSES:</b>				
Water and sewer administration	9,367,118	-	-	9,367,118
Wastewater treatment and collection	5,547,194	-	-	5,547,194
Water distribution and storage	6,368,965	-	-	6,368,965
Stormwater management	-	-	1,736,903	1,736,903
Other operating expenses	-	-	187,276	187,276
Depreciation and amortization	5,335,169	-	151,838	5,487,007
Total operating expenses	26,618,446	-	2,076,017	28,694,463
Operating income (loss)	3,236,645	6,936,493	(393,850)	9,779,288
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment earnings	4,283,095	594,059	145,339	5,022,493
Interest and other charges	(4,546,185)	-	-	(4,546,185)
Gain (loss) on disposal of capital assets	49,349	-	-	49,349
Total nonoperating revenues (expenses)	(213,741)	594,059	145,339	525,657
Income (loss) before capital contributions and transfers	3,022,904	7,530,552	(248,511)	10,304,945
Transfers:				
Transfers from other funds	12,917,860	-	-	12,917,860
Transfers to other funds	(8,126,638)	(2,310,790)	(4,000)	(10,441,428)
Capital grants and contributions	12,364,556	-	-	12,364,556
Total transfers and capital contributions	17,155,778	(2,310,790)	(4,000)	14,840,988
Changes in net position	20,178,682	5,219,762	(252,511)	25,145,933
Total net position – beginning (as previously stated)	181,159,716	18,782,431	3,962,791	203,904,938
Restatement (see Note 14)	(492,826)	-	(65,140)	(557,966)
Total net position – beginning (as restated)	180,666,890	18,782,431	3,897,651	203,346,972
Total net position – ending	\$ 200,845,572	\$ 24,002,193	\$ 3,645,140	\$ 228,492,905

The notes to the financial statements are an integral part of this statement.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2025

	<b>Major Funds</b>			<b>Totals</b>
	<b>Utility Fund</b>	<b>System Development Fee Fund</b>	<b>Stormwater Management Fund</b>	<b>Enterprise Funds</b>
<b>Cash flows from operating activities:</b>				
Cash received from customers, users and others	\$ 19,371,857	\$ 6,936,493	\$ 1,665,642	\$ 27,973,992
Cash paid for goods and services	(6,312,375)	-	(2,161,456)	(8,473,831)
Cash paid to employees for services	(5,704,878)	-	(398,726)	(6,103,604)
Net cash flows from operating activities	7,354,604	6,936,493	(894,540)	13,396,557
<b>Cash flows from noncapital financing activities:</b>				
Transfers from other funds	12,917,860	-	-	12,917,860
Transfers to other funds	(8,126,638)	(2,310,790)	(4,000)	(10,441,428)
Net cash flows from non-capital financing activities	4,791,222	(2,310,790)	(4,000)	2,476,432
<b>Cash flows from capital and related financing activities:</b>				
Receipts from capital grants or contributions	6,199,706	-	-	6,199,706
Acquisition and construction of capital assets	(28,980,015)	-	(45,967)	(29,025,982)
Proceeds from long-term debt issued	91,798,415	-	-	91,798,415
Interest and other charges paid on debt	(4,546,185)	-	-	(4,546,185)
Net cash flows from capital and related financing activities	64,471,921	-	(45,967)	64,425,954
<b>Cash flows from investing activities:</b>				
Interest earned	4,283,095	594,059	145,339	5,022,493
Net cash flows from investing activities	4,283,095	594,059	145,339	5,022,493
Net change in cash and cash equivalents	80,900,842	5,219,762	(799,168)	85,321,436
Cash and cash equivalents - beginning	42,566,612	18,782,431	6,854,187	68,203,230
Cash and cash equivalents - ending	\$ 123,467,454	\$ 24,002,193	\$ 6,055,019	\$ 153,524,666

(Continued)

The notes to the financial statements are an integral part of this statement.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (CONTINUED)**

YEAR ENDED JUNE 30, 2025

	Major Funds			Totals
	Utility Fund	System Development Fee Fund	Stormwater Management Fund	Enterprise Funds
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>				
Operating income (loss)	\$ 3,236,645	\$ 6,936,493	\$ (393,850)	\$ 9,779,288
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation and amortization	5,335,169	-	151,838	5,487,007
Change in accounts receivable	(10,483,234)	-	(16,525)	(10,499,759)
Change in prepaids	(20,284)	-	100	(20,184)
Change in deferred outflows of resources for pensions	326,876	-	53,114	379,990
Change in deferred outflows of resources for OPEB	(10,754)	-	(1,971)	(12,725)
Change in accounts payable	8,217,254	-	(720,681)	7,496,573
Change in unearned revenue	139,690	-	-	139,690
Change in compensated absences	527,484	-	9,022	536,506
Change in pension liability	77,085	-	18,714	95,799
Change in OPEB liability	-	-	3,946	3,946
Change in deferred inflows of resources for pensions	24,596	-	4,296	28,892
Change in deferred inflows of resources for pensions	(15,923)	-	(2,543)	(18,466)
Total adjustments	4,117,959	-	(500,690)	3,617,269
Net cash flows from operating activities	\$ 7,354,604	\$ 6,936,493	\$ (894,540)	\$ 13,396,557
<b>Reconciliation of cash and investments:</b>				
Cash and investments:				
Unrestricted	\$ 31,057,294	\$ 24,002,193	\$ 2,291,521	\$ 57,351,008
Restricted	92,410,160	-	3,763,498	96,173,658
Total cash and cash equivalents	\$ 123,467,454	\$ 24,002,193	\$ 6,055,019	\$ 153,524,666
<b>Schedule of noncash capital and related financing activities:</b>				
Contributions of capital assets	\$ 6,164,850	\$ -	\$ -	\$ 6,164,850
Purchase of capital assets on account	9,011,007	-	3,380	9,014,387
Leases/SBITAs	10,867	-	-	10,867

The notes to the financial statements are an integral part of this statement.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

*JUNE 30, 2025*

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	<b>OPEB Trust Fund</b>
<b>ASSETS</b>	
Cash and investments	\$ 1,464,297
	<u><u>1,464,297</u></u>
<b>NET POSITION</b>	
Restricted for:	
Postemployment benefits other than pensions	\$ 1,464,297
	<u><u>1,464,297</u></u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

*YEAR ENDED JUNE 30, 2025*

	<b>OPEB Trust Fund</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 150,000
Investment earnings:	
Net increase in the fair value of investments	200,413
Interest	633
Total additions	<u>351,046</u>
<b>DEDUCTIONS</b>	
Administrative expenses	<u>232</u>
Net change in fiduciary net position	350,814
Total net position, beginning	<u>1,113,483</u>
Total net position, ending	<u><u>\$ 1,464,297</u></u>

The notes to the financial statements are an integral part of this statement.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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### Note 1—Nature of operations and summary of significant accounting policies

The accounting policies of the Town of Holly Springs (the “Town”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

#### A. Reporting Entity

The Town of Holly Springs is a municipal corporation of the State of North Carolina in Wake County that is governed by an elected mayor and five-member council. The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

#### B. Basis of Presentation

*Government-Wide Financial Statements* – The statement of net position and the statement of activities display information about the Town. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Town.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements* – The fund financial statements provide information about the Town's funds, including its fiduciary fund. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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### Note 1—Nature of operations and summary of significant accounting policies (continued)

#### B. Basis of Presentation (continued)

The Town reports the following major governmental funds:

**General Fund** – The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, parks and recreation, public works and economic and physical development.

**Debt Service Fund** – The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on debt of governmental activities.

**Street and Sidewalk Projects Fund** – The Street and Sidewalk Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital streets and sidewalks.

**Parks and Recreation Projects Fund** – The Parks and Recreation Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital park facilities.

**Town Building Projects Fund** – The Town Building Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The Town reports the following nonmajor governmental funds:

**Special Revenue Funds** – Special Revenue Funds account for specific revenue sources that are set aside for specified purposes. The Town has two nonmajor special revenue funds: Emergency Telephone System Fund and Grants & Special Revenue Fund.

The Town reports the following major proprietary funds:

**Utility Fund** – This fund is used to account for the Town's water and wastewater operations.

**System Development Fee Fund** – This fund is used to account for system development fees on new development to fund certain capital costs.

**Stormwater Management Fund** – This fund is used to account for the Town's stormwater management operations.

The Town reports the following fiduciary fund:

**OPEB Trust Fund** – This fund is used to report resources that are required to be held in trust for the purpose of paying postemployment benefits, other than pensions, for which the Town is liable.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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### Note 1—Nature of operations and summary of significant accounting policies (continued)

#### C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

*Government-Wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases and IT subscriptions are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. Taxes receivable for property other than motor vehicles that are materially past due and are not considered to be an available resource to finance the operations of the current year. The State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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### Note 1—Nature of operations and summary of significant accounting policies (continued)

#### C. Measurement Focus and Basis of Accounting (continued)

Sales taxes and certain intergovernmental revenues collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town because the tax is levied by Wake County and then remitted to and distributed by the State. Certain intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Grant revenues, which are unearned at year-end, are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

#### D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Debt Service Fund, Emergency Telephone System Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. In accordance with North Carolina General Statutes, expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds. Budget control is executed at the department level or by project. The Town Manager is authorized by budget ordinance to transfer appropriations within a department without prior approval of the Town Council and may transfer appropriations up to \$50,000 between departments within the same fund with an official reporting to the Town Council. All inter-departmental budgetary appropriations above \$50,000, between funds, or that increase or decrease the total budget of any fund must be approved in advance by Town Council. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance is adopted.

#### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position

##### 1. Deposits and Investments

All deposits of the Town are made in designated official depositories and are secured as required by State law (G.S. 159-31). The Town may designate as an official depository, any bank or savings and loan association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law (G.S. 159-30(c)) authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper, bankers' acceptances; and mutual fund shares when the mutual fund is certified by the Local Government Commission.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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### Note 1—Nature of operations and summary of significant accounting policies (continued)

#### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (continued)

##### 1. Deposits and Investments (continued)

General Statute 159-30.1 allows the Town to establish and fund an irrevocable trust for the purpose of paying other post-employment benefits (OPEB) for which the Town is liable. The Town OPEB Trust is managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. The OPEB Trust is not registered with the SEC. G.S. 159-30(g) allows the Town to make contributions to the OPEB Trust. The State Treasurer in their discretion may invest the proceeds in equities of certain publicly held companies and long or short-term fixed income investments as detailed in G.S. 147-69.2(b) (1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the Bond Index Fund (BIF) consisting of high-quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and the Equity Index Fund (EIF) authorized under G.S. 147-69.2(b)(8).

The Town's investments are reported at fair value.

North Carolina Capital Management Trust (NCCMT) Government Portfolio is an SEC-registered money market mutual fund that is certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code, Title 20, Chapter 03, Section .0700. The Government Portfolio is a 2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AA+ by S&P and AA-mf by Moody's Investor Services and reported at fair value.

#### Ancillary Governmental Participant Investment Program (AGPIP) OPEB Investment Fund

##### **Level of the fair value hierarchy:**

Short Term Investment Fund (STIF) - Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are measured at fair value by the custodian using Level 2 inputs. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2025 of 2.1 years. Level 2 inputs in this case involves inputs, other than quoted prices, included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share.

Bond Index Fund (BIF) – Ownership of the BIF is determined monthly at fair value using the same Level 2 inputs as the STIF and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations and net earnings. The BIF, which does not have a credit rating, was valued at \$1 per unit, and had an average maturity of 8.11 years on June 30, 2025.

Equity Index Fund (EIF) – The EIF, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The EIF's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2025, the net asset value of the EIF was \$44.333857 per share. Fair value for the EIF is determined using Level 1 inputs, which are directly observable, quoted process (unadjusted) in active markets for identical assets or liabilities.

##### **Valuation technique:**

AGPIP investments are measured using the market approach, using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

### Note 1—Nature of operations and summary of significant accounting policies (continued)

#### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (continued)

##### 1. Deposits and Investments (continued)

In accordance with State law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

##### 2. Cash and Cash Equivalents

The Town pools money from several funds, except the OPEB Trust Fund, to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

##### 3. Restricted Assets

Public safety funds derived from forfeiture funds are classified as restricted cash of the Governmental Activities, as well as Public Safety donations to be used for community outreach and Telephone System upgrades. Required bond, installment purchase contract reserves and unexpended bond proceeds are also maintained as restricted cash. Powell Bill funds are also classified as restricted cash because they can be expended only for purposes outlined in G.S. 136-41.1 through 136-41.4. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Cash and cash equivalents in the Fiduciary Fund is considered restricted because it can only be used to pay other postemployment benefit obligations. The following table illustrates the breakdown of the Town's restricted cash.

Governmental Activities		Business-Type Activities	
<b>General Fund</b>		<b>Utility Fund</b>	
Customer Deposits and Developer Fees	\$ 4,322,950	Customer Deposits	\$ 4,153,245
Public Works, unexpended debt proceeds	247,914	Unexpended Federal and	
Streets	3,805,934	State Grants	391,327
		Unexpended debt proceeds	87,865,588
<b>Other Major Governmental Funds</b>		<b>Stormwater Fund</b>	
Streets and Sidewalks, unexpended		Customer Deposits	218,746
debt proceeds	20,752,155	Stormwater Facility Replacement	
Parks and Recreation, unexpended		Fund (SFRF)	2,303,441
debt proceeds	49,509,268	Developer Fees	1,241,311
Town Building, unexpended debt proceeds	18,955,404	<b>Total Business-Type Activities</b>	<b>\$ 96,173,658</b>
Town Building	62,020	<b>Total Restricted Cash</b>	<b>\$ 195,113,786</b>
<b>NonMajor Governmental Funds</b>			
Parks and Recreation	44,682		
Development Services	691,741		
Public Safety	408,907		
Economic Development	139,153		
<b>Total Governmental Activities</b>	<b>\$ 98,940,128</b>		

##### 4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2024.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

### Note 1—Nature of operations and summary of significant accounting policies (continued)

#### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (continued)

##### 5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount for ad valorem taxes receivable is estimated by analyzing the percentage of receivables that were written off in prior years. The allowance for customer accounts receivable is estimate of the amounts of accounts receivable that have not been written off that are in excess of 120 days. The direct write-off method is used by the Town on all other types of receivables. Under this method, all accounts considered uncollectable at June 30<sup>th</sup> have been charged against operations.

##### 6. Lease Receivable

The Town's lease receivable is measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreements. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

##### 7. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are consumed.

##### 8. Capital Assets

Capital assets are defined by the Town as assets with an initial, individual cost equal to or greater than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of donation. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not increase the asset's capacity or efficiency or increase its estimated useful life is not capitalized.

Capital assets are depreciated and amortized using the straight-line method over the following estimated useful lives:

Town of Holly Springs, North Carolina	
Category of Capital Asset	Useful Life In Years
Infrastructure	15 - 40
Operating plants	40
Buildings and improvements	40
Equipment and furniture	5 - 10
Vehicles and motorized equipment	5 - 10
Intangible assets	40

The Town's capital assets also include certain right to use assets. These right to use assets arise from lease or subscription agreements. The right to use assets are initially measured at an amount equal to the initial measurement of the related liability plus any payments made at or prior to the start of the term, less incentives received at or prior to the start of the term, and plus ancillary charges necessary to place the underlying asset into service. The right to use assets are amortized on a straight-line basis over the life of the related arrangement.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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### Note 1—Nature of operations and summary of significant accounting policies (continued)

#### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (continued)

##### 9. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, pension deferrals and OPEB deferrals. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town reports several items that meet this criterion, unavailable property tax revenue, leases, and other OPEB and pension-related deferrals.

##### 10. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### 11. Compensated Absences

The Town recognizes a liability for compensated absences for leave that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee) during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences – vacation, compensatory and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

The vacation policy of the Town permits employees to accumulate up to 240 hours of earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

The Town's policy permits employees to accumulate earned but unused compensatory time for hours worked in excess of a regular work week. Non-exempt employees may accumulate up to 40 hours of this time and then use it at a later date in lieu of using vacation time or be paid for these hours upon separation from employment at the employee's current rate of pay. Exempt employees may accumulate compensatory time of up to 24 hours and use this in lieu of vacation and are not paid for accumulated compensatory time upon separation from service.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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### Note 1—Nature of operations and summary of significant accounting policies (continued)

#### E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (continued)

##### 11. Compensated Absences (continued)

The Town's sick leave policy permits employees to accumulate earned but unused sick leave. Any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Any unused sick leave accumulated for employees that separate from service before retirement is forfeited. A liability for the estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

##### 12. Fund Balances/Net Position

###### Net Position

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

###### Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

*Nonspendable Fund Balance* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Prepays* – The portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items, which are not spendable resources.

*Restricted Fund Balance* – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

*Restricted for Stabilization by State Statute* – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930s that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "Restricted by State Statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.

RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by prepaids and lease receivables in excess of deferred inflows of resources for leases, as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of Restricted net position and Restricted fund balance on the face of the statement of net position and the balance sheet.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2025

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**Note 1—Nature of operations and summary of significant accounting policies (continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (continued)**

**12. Fund Balances/Net Position (continued)**

*Restricted for Inspections* – Portion of fund balance that is restricted by State Statute [G.S. 160A-414].

*Restricted for Economic Development* – Portion of fund balance that is restricted by revenue source for certain economic development expenditures.

*Restricted for General Government* – Portion of fund balance that is restricted by revenue source for certain general government expenditures

*Restricted for Public Safety* – Portion of fund balance that is restricted by revenue source for unspent drug forfeiture funds, certain emergency telephone system expenditures and certain other public safety expenditures.

*Restricted for Parks and Recreation* – Portion of fund balance restricted by revenue source for parks and recreation projects.

*Restricted for Street and Sidewalk Improvements* – Portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures and projects.

*Restricted for Public Works* – Portion of fund balance that is restricted by revenue source for certain public works expenditures.

*Committed Fund Balance* – Portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town's governing body (highest level of decision-making authority).

*Committed for Public Safety* – Portion of fund balance that will be used for the Law Enforcement Officers' Special Separation Allowance obligations.

*Committed for PayGo* – Portion of fund balance that will be used to fund future capital investments.

*Assigned Fund Balance* – Portion of fund balance that the Town intends to use for a specific purpose.

*Assigned for General Government* - Portion of fund balance that will be used for the future payment of certain general government expenditures.

*Assigned for Debt Service* – Portion of fund balance that will be used for future payment of debt service requirements. By approval of the budget of the Debt Service Fund, the Town Council has assigned this amount to the purpose of the Debt Service Fund.

*Unassigned Fund Balance* – Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds and that has not been reported as non-spendable fund balance. The general fund is the only fund that reports a positive unassigned fund balance. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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### **Note 1—Nature of operations and summary of significant accounting policies (continued)**

#### **E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position (continued)**

##### **12. Fund Balances/Net Position (continued)**

The Town has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-town funds, Town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

The Town has adopted a minimum fund balance policy for the General Fund which states that the unassigned fund balance shall be no less than 20% of total budgeted operating expenditures. Amounts beyond 20% may be used for one-time use. The Town Council may appropriate available fund balance below the 20% policy for the purposes of a declared fiscal emergency or other such global purpose as to protect the long-term fiscal security of the Town. In such circumstances, Council will adopt a plan to restore the available fund balance to the policy level within 36 months from the date of the appropriation. If the restoration cannot be accomplished within such time period without severe hardship to the Town, then Council will establish a different but appropriate time period.

##### **13. Defined Benefit Postemployment Plans**

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System ("LGERS") and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

For purposes of measuring the net OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **F. Recently Issued and Implemented Accounting Pronouncements**

The Town implemented GASB Statement No. 101, *Compensated Absences*. The requirement of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

The Town implemented GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The implementation of this Statement had no impact on the Town's reporting in the current fiscal year.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

### Note 1—Nature of operations and summary of significant accounting policies (continued)

#### F. Recently Issued and Implemented Accounting Pronouncements (continued)

In April 2024, GASB issued Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

The Town is evaluating the requirements of the above two statements and their impact on reporting.

### Note 2—Deposits and investments

All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent.

Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2025, the Town's deposits had a carrying amount of \$72,814,203, and a bank balance of \$66,352,813. Of the bank balance, \$1,252,017 was covered by federal depository insurance and the remainder was covered by collateral under the Pooling Method. At June 30, 2025, the Town's petty cash funds totaled \$2,150.

At June 30, 2025, the Town investment balances were as follows:

Investment Type	Valuation Measurement Method	Book Value at June 30, 2025	Maturity			Rating
			0 - 6 Months	6 - 12 Months	1 - 3 Years	
US Treasuries	Fair Value - Level 1	\$ 1,982,630	\$ 983,950	\$ 998,680	\$ -	Aaa
US Government Agencies	Fair Value - Level 1	3,416,677	990,890	1,227,200	1,198,587	Aaa
NCCMT-Government Portfolio	Fair Value - Level 1	246,815,047	246,815,047	-	-	AAA-mf
Totals		<u>\$ 252,214,354</u>	<u>\$ 248,789,887</u>	<u>\$ 2,225,880</u>	<u>\$ 1,198,587</u>	

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

### Note 2—Deposits and investments (continued)

As of June 30, 2025, the NCCMT Term Portfolio had a weighted average maturity of less than 90 days and is therefore presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P and AAA-mf by Moody's Investor Service.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The Town has internal management procedures that limits the Town's investments to the provisions of G.S. 159 and restricts the purchase of securities to those rated no lower than "AAA", and commercial paper meeting the requirements of G.S. 159 plus having a national bond rating. The Town's policy stipulates that investments will be diversified to eliminate the risk of loss as a result of over-concentration of securities in a specific issuer, class of securities, or maturity sector.

At June 30, 2025, the Town's irrevocable OPEB trust had \$1,464,297 invested in the Ancillary Governmental Participant Investment Program (AGPIP), established by the NC Department of State Treasurer (NCDST), pursuant to G.S. 159-30.1. The AGPIP Program may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At fiscal year end, the Town's irrevocable OPEB trust was invested as follows: Short Term Investment Fund (STIF) .1%, which is reported as cash and cash equivalents and Equity Index Fund (EIF) 99.9% (the equities were split with 64% in domestic securities and 36% in international securities).

Interest Rate Risk: The Town does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF is unrated and had a weighted average maturity of 2.1 years at June 30, 2025.

Credit Risk: The Town does not have a formal investment policy regarding credit risk for the OPEB Trust Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate term treasuries, agencies, and money market instruments.

### Note 3—Receivables

The amounts presented in the balance sheet and the statement of net position are net of the following allowances for doubtful accounts at June 30, 2025:

	General Fund	Debt Service Fund	Street & Sidewalk Projects Fund	Utility Fund	Stormwater Management Fund
Accounts receivable	\$ 799,791	\$ -	\$ 15,967	\$ 8,698,176	\$ 321,155
Allowance	(142,210)	-	-	(575,386)	(81,487)
Total accounts receivable	<u>\$ 657,581</u>	<u>\$ -</u>	<u>\$ 15,967</u>	<u>\$ 8,122,790</u>	<u>\$ 239,668</u>
Property taxes receivable	\$ 181,184	\$ 105,726	\$ -	\$ -	\$ -
Allowance	(155,360)	(90,657)	-	-	-
Total property tax receivable	<u>\$ 25,824</u>	<u>\$ 15,069</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

### Note 4—Capital assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets, non-depreciable:				
Land and improvements	\$ 40,101,166	\$ 2,132,726	\$ -	\$ 42,233,892
Construction in progress	61,108,124	34,290,875	(520,352)	94,878,647
Total capital asset, non-depreciable	101,209,290	36,423,601	(520,352)	137,112,539
Capital assets, depreciable:				
Infrastructure	112,460,438	9,940,436	-	122,400,874
Buildings	32,368,223	-	-	32,368,223
Improvements	22,536,688	-	-	22,536,688
Equipment and furniture	9,618,856	195,357	(172,348)	9,641,865
Vehicles and motorized equipment	15,353,431	1,546,024	(39,802)	16,859,653
Right-of-use - software subscriptions	643,457	1,553,123	(65,655)	2,130,925
Right-of-use - buildings	159,567	280,702	(159,567)	280,702
Right-of-use - equipment	293,329	131,923	-	425,252
Total capital asset, depreciable	193,433,989	13,647,565	(437,372)	206,644,182
Less accumulated depreciation/amortization for:				
Infrastructure	(32,512,822)	(3,505,352)	-	(36,018,174)
Buildings	(9,827,385)	(829,771)	-	(10,657,156)
Improvements	(9,259,876)	(1,059,553)	-	(10,319,429)
Equipment and furniture	(8,801,972)	(649,959)	182,348	(9,269,583)
Vehicles and motorized equipment	(8,944,504)	(1,540,011)	550,154	(9,934,361)
Right-of-use - software subscriptions	(71,529)	(426,240)	65,655	(432,114)
Right-of-use - buildings	(130,554)	(87,492)	159,567	(58,479)
Right-of-use - equipment	(205,921)	(90,016)	-	(295,937)
Total accumulated depreciation/amortization	(69,754,563)	\$ (8,188,394)	\$ 957,724	(76,985,233)
Total capital assets, depreciable, net	123,679,426			129,658,949
Governmental activities capital assets, net	\$ 224,888,716			\$ 266,771,488

Depreciation and amortization expense was charged to functions/programs of the Town as follows:

General government	\$ 789,224
Public safety	1,260,114
Public works	3,129,287
Economic and physical development	1,031,988
Culture and recreational	1,977,781
Total	\$ 8,188,394

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2025

**Note 4—Capital assets (continued)**

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
Business-Type Activities:				
Capital assets, non-depreciable:				
Land and improvements	\$ 168,895	\$ -	\$ -	\$ 168,895
Sanford Water Filtration Facility	-	8,334,994	-	8,334,994
Construction in progress	40,348,779	23,647,116	(687,838)	63,308,057
Total capital asset, non-depreciable	40,517,674	31,982,110	(687,838)	71,811,946
Capital Assets, Depreciable:				
Operating plants	179,087,028	2,717,464	-	181,804,492
Buildings	204,461	-	-	204,461
Land Improvements	7,240	-	-	7,240
Equipment and furniture	2,264,418	194,617	(43,070)	2,415,965
Infrastructure	1,477,182	-	-	1,477,182
Vehicles and motorized equipment	3,374,589	1,070,360	(166,219)	4,278,730
Intangible assets - water rights	7,634,204	-	-	7,634,204
Right-of-use - software subscriptions	10,636	-	(10,636)	-
Right-of-use - equipment	514,682	10,867	-	525,549
Total capital asset, depreciable	194,574,440	3,993,308	(219,925)	198,347,823
Less Accumulated Depreciation/Amortization for:				
Operating plants	(55,858,604)	(4,554,341)	-	(60,412,945)
Buildings	(103,083)	(5,111)	-	(108,194)
Land Improvements	(7,240)	-	-	(7,240)
Equipment and furniture	(2,020,218)	(104,069)	43,070	(2,081,217)
Infrastructure	(101,378)	(46,918)	-	(148,296)
Vehicles and motorized equipment	(1,694,278)	(588,058)	166,219	(2,116,117)
Intangible assets - water rights	(4,875,191)	(168,957)	-	(5,044,148)
Right-of-use - software subscriptions	(10,633)	-	10,633	-
Right-of-use - equipment	(55,148)	(19,552)	-	(74,700)
Accumulated Depreciation/Amortization, net	(64,725,773)	\$ (5,487,006)	\$ 219,922	(69,992,857)
Capital Assets, Depreciable, net	129,848,667			128,354,966
Business-Type Activities Capital Assets, net	\$ 170,366,341			\$ 200,166,912

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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### Note 5—Postemployment plan obligations

#### A. Local Governmental Employees' Retirement System

*Plan Description.* The Town is a participating employer in the statewide Local Government Employees' Retirement System ("LGERS"), a cost-sharing multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEO) of participating local government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report ("ACFR") for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by G.S. 128-30 and may be amended only by the North Carolina General Assembly. Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2025 was 15.04% of compensation for LEOs and 13.63% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$4,667,844 for the year ended June 30, 2025.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2025

**Note 5—Postemployment plan obligations (continued)**

A. Local Governmental Employees' Retirement System (continued)

*Refunds of Contributions* – Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2025 the Town reported a liability of \$23,568,722 for its proportionate share of the net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2024, the Town's proportion was 0.350%, which was an increase of 0.006% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025 the Town recognized pension expense of \$7,220,916. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,130,133	\$ 27,769
Net difference between projected and actual earnings on pension plan investments	3,204,154	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	552,087	310,108
Town contributions subsequent to the measurement date	4,667,844	-
Total	<u>\$ 12,554,218</u>	<u>\$ 337,877</u>

TOWN OF HOLLY SPRINGS, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

**Note 5—Postemployment plan obligations (continued)**

A. Local Governmental Employees’ Retirement System (continued)

Town contributions of \$4,667,844 made subsequent to the measurement date and reported as deferred outflows of resources will be recognized as a decrease of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ended June 30:</u>	
2026	\$ 2,385,037
2027	4,808,548
2028	717,209
2029	(362,297)
	<u>\$ 7,548,497</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases, including wage inflation	3.25% to 8.25%, including inflation and productivity factor
Investment rate of return	6.5%, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies’ return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

### Note 5—Postemployment plan obligations (continued)

#### A. Local Governmental Employees' Retirement System (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.00%	2.40%
Global Equity	38.00%	6.90%
Real Estate	8.00%	6.00%
Alternatives	8.00%	8.60%
Opportunistic Fixed Income	7.00%	5.30%
Inflation Sensitive	6.00%	4.30%
Total	100.00%	

The information above is based on 30-year expectations developed with the consulting actuary for the asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.5%, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current rate:

	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
Town's proportionate share of the net pension liability (asset)	\$ 41,764,465	\$ 23,568,722	\$ 8,600,220

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued ACFR for the state of North Carolina.

TOWN OF HOLLY SPRINGS, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

**Note 5—Postemployment plan obligations (continued)**

B. Law Enforcement Officers Special Separation Allowance

1. *Plan Description*

The Town administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefits provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2024 the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Active members	<u>73</u>
Total	<u><u>77</u></u>

2. *Summary of Significant Accounting Policies*

*Basis of Accounting.* The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust.

3. *Actuarial Assumptions*

The entry age normal actuarial cost method was used in the December 31, 2024 valuation. The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% to 7.75%, including inflation and productivity factor
Discount rate	4.28%

The discount rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ended December 31, 2019.

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

Deaths After Retirement (Disabled): Mortality rates are based on the General Disabled Mortality Table for Retirees. Rates are Set Back 3 years for all ages.

Deaths Before Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

### Note 5—Postemployment plan obligations (continued)

#### B. Law Enforcement Officers Special Separation Allowance (continued)

##### 4. *Contributions*

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations in made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$95,307 as benefits came due for the reporting period.

#### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2025, the Town reported a total pension liability of \$3,940,177. The total pension liability was measured as of December 31, 2024 based on a June 30, 2024 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of \$467,797.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 639,145	\$ 147,422
Changes of assumptions and other inputs	510,139	444,259
Benefit payments and administrative expenses subsequent to the measurement date	47,654	-
Total	<u>\$ 1,196,938</u>	<u>\$ 591,681</u>

The Town paid \$47,654 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

#### **Years Ended June 30:**

2026	\$ 199,826
2027	163,386
2028	78,375
2029	10,205
2030	95,938
Thereafter	9,873
	<u>\$ 557,603</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2025

**Note 5—Postemployment plan obligations (continued)**

B. Law Enforcement Officers Special Separation Allowance (continued)

4. *Contributions (continued)*

*Sensitivity of the Town's Total Pension Liability to Changes in the Discount Rate.* The following represents the Town's total pension liability calculated using the discount rate of 4.28%, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.28%) or 1-percentage-point higher (5.28%) than the current rate:

	<b>1% Decrease (3.28%)</b>	<b>Discount Rate (4.28%)</b>	<b>1% Increase (5.28%)</b>
Total pension liability	\$ 4,327,189	\$ 3,940,177	\$ 3,589,809

The changes in total pension liability for the separation allowance is as follows:

	<b>2025</b>
<b>Beginning Balance</b>	\$ 3,126,022
Changes for the year:	
Service cost	157,622
Interest on the total pension liability	123,135
Difference between expected and actual experience	731,428
Changes of assumptions or other inputs	(102,723)
Benefit payments	(95,307)
<b>Net changes</b>	<b>814,155</b>
<b>Ending balance of the total pension liability</b>	<b>\$ 3,940,177</b>

*Changes of Assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 4.00% at December 31, 2023 (measurement date) to 4.28% at December 31, 2024 (measurement date).

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2025

**Note 5—Postemployment plan obligations (continued)**

B. Law Enforcement Officers Special Separation Allowance (continued)

***Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions***

The following is information related to the proportionate share and pension expense for all pension plans:

	<b>LGERS</b>	<b>LEOSSA</b>	<b>Total</b>
Pension Expense	\$ 7,220,916	\$ 467,797	\$ 7,688,713
Pension Liability	23,568,722	3,940,177	27,508,899
Proportionate share of the net pension liability	0.350%	n/a	n/a
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 4,130,133	\$ 639,145	\$ 4,769,278
Changes of assumptions	-	510,139	510,139
Net difference between projected and actual earnings on plan investments	3,204,154	-	3,204,154
Changes in proportion and differences between contributions and proportionate share of contributions	552,087	-	552,087
Benefit payments and administrative costs paid subsequent to the measurement date	4,667,844	47,654	4,715,498
Total Deferred Outflows of Resources			<u>\$ 13,751,156</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ 27,769	\$ 147,422	\$ 175,191
Changes of assumptions	-	444,259	444,259
Changes in proportion and differences between contributions and proportionate share of contributions	310,108	-	310,108
Total Deferred Inflows of Resources			<u>\$ 929,558</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2025

**Note 5—Postemployment plan obligations (continued)**

C. Supplemental Retirement Income Plan for Law Enforcement Officers and Other Employees

*Plan Description.* The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the ACFR for the state of North Carolina. The State’s ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

The Town has also elected to have employees not engaged in law enforcement to participate in the Supplemental Retirement Income Plan.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each employee’s salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2025 were \$3,011,304, which consisted of \$1,685,869 from the Town, \$222,159 from the law enforcement officers and \$1,103,276 from other Town employees.

D. Other Postemployment Benefits (“OPEB”)

*Plan Description.* Under the terms of a Town resolution, the Town administers a single-employer defined benefit OPEB Trust (the OPEB Trust Plan). This plan provides postemployment healthcare benefits to retirees of the Town before the age of 65 and qualify for unreduced benefits under the provisions set forth in the North Carolina Local Government Employees’ Retirement System (NCLGERS) may be eligible to continue group health insurance. The OPEB Trust Plan, which has a June 30, 2025 year-end, does not issue a stand-alone report.

*Benefits Provided.* For employees hired on or before June 30, 2022 the Town will contribute toward the cost of group health insurance premiums up to the base plan only based on the years of service at retirement using the following schedule:

<b>Years of Service at Retirement</b>	<b>Premium Paid by the Town</b>
30 years	100%
25 - 29 years	75%
20 - 24 years	50%
0 - 19 years	0%

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

### Note 5—Postemployment plan obligations (continued)

#### D. Other Postemployment Benefits (“OPEB”) (continued)

Effective July 1, 2022 newly hired employees are not eligible for other postemployment benefits.

Coverage will continue until the retiree reaches age 65, at which time group health insurance benefits will end. Retirees not meeting the criteria listed in the above table are not eligible to stay on the plan.

Membership of the OPEB Trust Plan consisted of the following at June 30, 2025, the date of the latest actuarial valuation:

Inactive members currently receiving benefits	15
Active members	250
Total	<u>265</u>

#### Investments

*Investment Policy.* The OPEB Trust Plan’s policy in regard to the allocation of invested assets is established and may be amended by the Town Council by a majority vote of its members. Investments are valued at fair value. The Plan’s asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2025:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity Investment Fund	100%	5.50%

*Rate of Return.* For the year ended June 30, 2025, the annualized rate of return on investments, net of investment expense, was 16.90%. The rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the Town at June 30, 2025 were as follows:

Total OPEB liability	\$ 6,747,336
Plan fiduciary net position	<u>1,464,297</u>
Net OPEB liability	<u>\$ 5,283,039</u>

Plan fiduciary net position as a percentage of the total OPEB liability	27.72%
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*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary, increases, including wage inflation	3.25% to 8.41%
Municipal Bond Index Rate	
Prior measurement date	3.95%
Measurement date	4.81%
Heath Care Cost Trends	
Pre-Medicare medical and prescription drug	7.50% for 2025 decreasing to an ultimate rate of 4.50% by 2033

TOWN OF HOLLY SPRINGS, NORTH CAROLINA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

Note 5—Postemployment plan obligations (continued)

D. Other Postemployment Benefits (“OPEB”) (continued)

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 2019, adopted by the LGERS Board. The remaining actuarial assumptions (e.g. health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2025 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2025 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) were developed. Best estimates of the rate of return as of June 30 is presented above.

*Discount Rate.* The discount rate used to measure the total OPEB liability at June 30, 2025 was 4.87% which was a change from the discount rate of 4.92% at June 30, 2024. Because the OPEB plan’s fiduciary net position was not projected to be sufficient to make all future benefit payments, the discount rate incorporates a Municipal Bond Index Rate (the General Obligation 20-year Municipal Bond Rate), which was 4.81% at June 30, 2025. As of June 30, 2024, the Municipal Bond Index Rate was 3.95%.

*Sensitivity of the net OPEB Liability to Changes in the Discount Rate.* The following presents the net OPEB liability of the Town, as well as what the Town’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.87%) or 1-percentage-point higher (5.87%) than the current discount rate:

	<u>1% Decrease</u> <u>(3.87%)</u>	<u>Current Discount</u> <u>Rate</u> <u>(4.87%)</u>	<u>1% Increase</u> <u>(5.87%)</u>
Net OPEB liability	\$ 6,034,517	\$ 5,283,039	\$ 4,616,733

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following presents the net OPEB liability of the Town, as well as what the Town’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB liability	\$ 4,469,573	\$ 5,283,039	\$ 6,247,449

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2025

**Note 5—Postemployment plan obligations (continued)**

D. Other Postemployment Benefits (“OPEB”) (continued)

*Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* At June 30, 2025, the Town reported a net OPEB liability of \$5,283,039. The net OPEB liability was determined by an actuarial valuation as of June 30, 2025.

At June 30, 2025, the components of the net OPEB liability of the Town, measured as of June 30, 2025, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2024	\$ 6,217,514	\$ 1,113,483	\$ 5,104,031
Changes for the year:			
Service cost	295,686	-	295,686
Interest	302,584	-	302,584
Difference between expected and actual experience	42,592	-	42,592
Changes of assumptions	188,297	-	188,297
Change in benefit terms	(168,822)		(168,822)
Contributions - employer	-	280,515	(280,515)
Net investment income	-	200,814	(200,814)
Benefits payments	(130,515)	(130,515)	-
Net change	529,822	350,814	179,008
Balance at June 30, 2025	\$ 6,747,336	\$ 1,464,297	\$ 5,283,039

*Changes of Assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 4.92% in 2024 to 4.87% in 2025.

For the year ended June 30, 2025, the Town recognized OPEB expense of \$317,137. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 372,881	\$ 31,360
Changes of assumptions	402,557	912,518
Net difference between projected and actual earnings on plan investments	-	213,695
Total	\$ 775,438	\$ 1,157,573

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

### Note 5—Postemployment plan obligations (continued)

#### D. Other Postemployment Benefits (“OPEB”) (continued)

Amount reported as deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

<u>Years Ended June 30:</u>	
2026	\$ (63,938)
2027	(66,832)
2028	(40,939)
2029	(32,243)
2030	(82,280)
Thereafter	(95,903)
	<u>\$ (382,135)</u>

#### E. Other Employment Benefit

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees’ Retirement System (Death Benefit Plan), a multiple employer, State administered cost-sharing plan funded on a one year-term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee’s 12 highest month’s salary in a row during the 24 months prior to his/her death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

### Note 6—Risk management

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$5 million per occurrence, property coverage up to the total insured values of the property policy workers’ compensation coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the North Carolina League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

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### Note 6—Risk management (continued)

The Town carries flood insurance through the National Flood Insurance Plan ("NFIP"). Because portions of the Town are in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the Town is eligible to and has purchased coverage of \$500,000 per structure through the NFIP.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Director is individually bonded for \$1,000,000. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

### Note 7—Claims, judgements, and contingent liabilities

At June 30, 2025, the Town was a defendant to various lawsuits. It is the opinion of the Town's management and the Town attorney, the ultimate effect of all legal matters will not have a material adverse effect on the Town's financial position.

### Note 8—Long-term obligations

#### A. General Obligation Indebtedness

The Town's general obligation bonds serviced by the governmental funds are accounted for as general long-term debt. The general obligation bonds issued to finance the construction of facilities utilized in the operation of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Utility Fund. All general obligation bonds were issued via a public offering, and are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2025 are comprised of the following individual issues:

#### General Obligation Bonds

##### Governmental Activities:

- |  |               |
|--|---------------|
| (1) \$22,000,000 Transportation Bonds issued June 2021, for various transportation projects, with 20 installments of \$1,100,000 due annually on December 1 <sup>st</sup> through June 2041, plus interest of 1.4396%. The bond was issued with a premium of \$3,210,304 and the premium will be amortized over the life of the bond using the straight-line method. The unamortized balance of the premium at June 30, 2025 is \$2,568,243.   | \$ 17,600,000 |
| (2) \$8,000,000 Parks and Recreation Bonds issued June 2021, with 20 installments of \$400,000 due annually on December 1 <sup>st</sup> through June 2041, plus interest of 1.4396%. The bond was issued with a premium of \$1,167,383 and the premium will be amortized over the life of the bond using the straight-line method. The unamortized balance of the premium at June 30, 2025 is \$933,906.   | 6,400,000     |
| (3) \$7,381,542 Parks and Recreation Refunding Bonds issued February 2022, to refund the 2012 Parks and Recreation Bonds, with 15 installments from \$243,264 to \$549,878 due annually on February 1 <sup>st</sup> through February 2037, plus interest rate of 1.551%. The bond was issued with a premium of \$1,166,645 and the premium will be amortized over the life of the bond using the straight-line method. The unamortized balance of the premium at June 30, 2025 is \$933,316. The refunding resulted in net present value savings of \$817,560. | 5,769,918     |

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2025

**Note 8—Long-term obligations (continued)**

A. General Obligation Indebtedness (continued)

(4) \$50,000,000 Parks and Recreation Bonds issued March 2025, with 20 annual principal payments of \$2,500,000 due February 2026 through February 2045, plus an all-in true interest cost of 3.480%. The bonds were issued with a premium of \$4,927,875, which will be amortized over the life of the bonds using the straight-line method. The unamortized balance of the premium at June 30, 2025 is \$4,927,875.	50,000,000
(5) \$18,000,000 Transportation Bonds issued March 2025, with 20 annual principal payments of \$900,000 due February 2026 through February 2045, plus an all-in true interest cost of 3.480%. The bonds were issued with a premium of \$1,774,035, which will be amortized over the life of the bonds using the straight-line method. The unamortized balance of the premium at June 30, 2025 is \$1,774,035.	<u>18,000,000</u>
Total Governmental Activities	<u>\$97,769,918</u>

Business-Type Activities:

Refunding Bonds

(1) \$7,183,458 Water and Sewer Refunding Bonds issued February 2022, to refund the 2012 Water and Sanitary Bonds and 2006 Water and Sewer refunding bonds, with 15 installments from \$239,202 to \$535,122 due annually February 1 <sup>st</sup> through February 2037, plus interest rate of 1.551%. The bond was issued with a premium of \$1,106,124 and the premium will be amortized over the life of the bond using the straight-line method. The unamortized balance of the premium at June 30, 2025 is \$884,899. The refunding resulted in a net present value savings of \$795,620.	\$ 5,615,082
Total Business-Type Activities	<u>\$ 5,615,082</u>
Total Bonds	<u>\$ 103,385,000</u>

At June 30, 2025, the Town has general obligation bonds for parks and recreation authorized but unissued of \$50,000,000 and a legal debt margin of \$768,220,270.

Annual debt service requirements to maturity for bonds are as follows:

<u>Years Ending</u> <u>June 30:</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 5,447,344	\$ 3,817,300	\$ 532,656	\$ 216,983
2027	5,498,024	3,981,073	581,976	195,677
2028	5,510,694	3,712,152	594,306	172,398
2029	5,475,218	3,442,724	559,782	148,626
2030	5,487,888	3,174,715	572,112	126,235
2031-2035	26,859,154	11,962,649	2,295,846	255,601
2036-2040	24,991,596	6,564,697	478,404	14,303
2041-2045	18,500,000	2,070,000	-	-
	<u>\$ 97,769,918</u>	<u>\$ 38,725,310</u>	<u>\$ 5,615,082</u>	<u>\$ 1,129,823</u>

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

### Note 8—Long-term obligations (continued)

#### B. Limited Obligation Indebtedness

##### Governmental Activities:

The Town's limited obligation bonds serviced by the governmental funds are accounted for as general long-term debt. All limited obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

- |   |                      |
|---|----------------------|
| (1) \$17,105,000 Limited Obligation Bonds, Series 2014, via a public offering, issued September 2014; interest at 4% through 2023, 5% for 2023 through 2028, 3% for 2029 through 2030, and 3.25% for 2031 through 2032; to acquire construct and improve (a) a new law enforcement center for the Town, (b) a portion of the Town's North Main Athletic Complex, and (c) certain transportation improvement, as well as to pay financing costs. The note calls for bi-annual interest payments. The bond was issued with a premium of \$1,807,653 and the premium will be amortized over the life of the bond using the straight-line method. The unamortized balance of the premium at June 30, 2025 is \$803,401. | \$ 8,080,000         |
| (2) \$18,270,000 Limited Obligation Bonds, Series 2021, via a private offering with PNC Capital Markets LLC, issued June 2021 for (a) renovations to Town Hall and (b) to acquire a tract of land in the Town for economic development. The note calls for 17 annual principal payments of \$1,075,000 beginning October 1, 2025 and plus an interest-rate of 1.7565% with 42 bi-annual interest payments beginning October 1, 2021 through October 2041. The bond was issued with a premium of \$3,342,046 and the premium will be amortized over the life of the bond using the straight-line method. The unamortized balance of the premium at June 30, 2025 is \$2,673,637.                                     | 17,195,000           |
| (3) \$12,565,000 Limited Obligation Bonds, Series 2023, via a private offering with PNC Capital Markets LLC, issued September 2023 for (a) the construction and equipping of a new fire station, (b) the acquisition of a new fire truck and (c) sitework for a new operations center, with 19 annual principal payments due October 1 through October 2043, ranging from \$652,500 to \$665,000, plus an all-in true interest cost of 4.066%. The bond was issued with a premium of \$1,118,593, which will be amortized over the life of the bond using the straight-line method. The unamortized balance of the premium at June 30, 2025 is \$1,059,720.   | 12,565,000           |
| (4) \$18,590,000 Limited Obligation Bonds, Series 2024, via a private offering with PNC Capital Markets LLC, issued August 2024 to finance the construction, equipping and furnishing of the Town's new Operations Campus, with 19 annual principal payments due October 1, 2026 through October 2044, ranging from \$977,500 to \$980,000, plus an all-in true interest cost of 3.575%. The bond was issued with a premium of \$2,542,858, which will be amortized over the life of the bond using the straight-line method. The unamortized balance of the premium at June 30, 2025 is \$2,542,858.   | 18,590,000           |
| Total Governmental Activities   | <u>\$ 56,430,000</u> |

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2025

**Note 8—Long-term obligations (continued)**

**B. Limited Obligation Indebtedness (continued)**

**Business-Type Activities:**

- (1) \$1,325,000 Limited Obligation Bonds, Series 2023, via a private offering with PNC Capital Markets LLC, issued September 2023 for sitework for a new operations center, with 19 annual principal payments due October 1, 2026 through October 2043, ranging from \$67,500 to \$70,000, plus an all-in true interest cost of 4.066%. 1,325,000
- (2) \$18,590,000 Limited Obligation Bonds, Series 2024, via a private offering with PNC Capital Markets LLC, issued August 2024 to finance the construction, equipping and furnishing of the Town's new Operations Campus, with 19 annual principal payments due October 1, 2026 through October 2044, ranging from \$977,500 to \$980,000, plus an all-in true interest cost of 3.575%. The bond was issued with a premium of \$2,542,858, which will be amortized over the life of the bond using the straight-line method. The unamortized balance of the premium at June 30, 2025 is \$2,542,858. 18,590,000
- Total Business-Type Activities \$ 19,915,000
- Total Limited Obligation Bonds \$ 76,345,000

Annual debt service requirements to maturity for limited obligation bonds are as follows:

<u>Years Ending</u> <u>June 30:</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 2,750,000	\$ 2,456,975	\$ 70,000	\$ 991,763
2027	3,730,000	2,305,725	1,050,000	963,763
2028	3,730,000	2,119,225	1,050,000	911,263
2029	3,730,000	1,932,725	1,050,000	858,763
2030	3,730,000	1,756,325	1,050,000	806,263
2031-2035	16,620,000	6,365,075	5,245,000	3,244,062
2036-2040	13,562,500	3,296,563	5,237,500	1,934,125
2041-2045	8,577,500	852,862	5,162,500	633,925
	<u>\$ 56,430,000</u>	<u>\$ 21,085,475</u>	<u>\$ 19,915,000</u>	<u>\$ 10,343,925</u>

**C. Installment Purchase**

The Town entered into installment purchase agreements that are detailed below.

Governmental Activities – Principal Balance as of June 30, 2025:

- (1) Executed in June 2008 for the widening of the Green Oaks Parkway. The direct placement \$6,366,000 note with PNC Bank has an interest rate of 2.67% and calls for 18 annual principal payments of \$353,667 plus interest beginning June 2009. Final payment is due in fiscal year 2025-2026. The loan is secured by the assets constructed with related debt proceeds. \$ 353,666

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2025

**Note 8—Long-term obligations (continued)**

C. Installment Purchase (continued)

- |   |                  |
|---|------------------|
| <p>(2) Executed in September 2020, refinanced the 2009 financing agreement for the building of the Hunt Center and the completion of walking trails and a picnic shelter at Bass Lake. The direct placement \$3,070,118 note with Truist Bank has an interest rate of 1.49% and calls for 8 annual principal and interest payments beginning June 2021. Final payment is due in fiscal year 2028. The refunding resulted in a net present value savings of \$393,836. The loan is secured by the assets constructed with related debt proceeds. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted.</p> | <p>1,027,402</p> |
| <p>(3) Executed in October 2020 for the purchase of vehicle equipment financing. The direct placement \$1,200,000 note with JP Morgan Chase Bank has an interest rate of 1.32% and calls for 10 annual principal payments and interest payments every February and August beginning February 2021. Final payment is due in fiscal year 2031. Loan is secured by the 2020 fire truck IFC purchased with the proceeds. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted.</p>  | <p>738,918</p>   |
| <p>(4) Executed in October 2020 for the purchase of vehicle equipment financing. The direct placement \$550,000 note with Truist Bank has an interest rate of 1.65% and calls for 5 annual principal and interest payments of \$115,504 beginning October 2021. Final payment is due in fiscal year 2026. Loan is secured by the solid waste vehicles and equipment assets purchased with the proceeds. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted.</p>   | <p>113,629</p>   |
| <p>(5) Executed in October 2021 for the purchase of vehicle equipment financing. The direct placement \$695,182 note with Banc of America has an interest rate of 0.6946% and calls for 4 annual principal payments from \$178,554 to \$355,257 plus interest beginning April 2022. Final payment is due in fiscal year 2026. Loan is secured by the police and public works vehicles and equipment assets purchased with the proceeds. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted.</p>   | <p>87,956</p>    |
| <p>(6) Executed in June 2022 for the purchase of vehicle equipment financing. The direct placement \$1,581,000 note with First Bank has an interest rate of 2.40% and calls for 5 annual principal payments of \$316,200 plus interest beginning October 2023. Final payment is due in fiscal year 2028. Loan is secured by the police and solid waste vehicles and equipment assets purchased with the proceeds. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted.</p>   | <p>632,692</p>   |
| <p>(7) Executed in June 2023 for the purchase of vehicle equipment financing. The direct placement \$460,000 note with JP Morgan Chase Bank has an interest rate of 3.97% and calls for 8 semiannual installment payments of \$62,754 beginning December 2023. Final payment is due in fiscal year 2027. Loan is secured by the vehicles and equipment assets purchased with the proceeds. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted.</p>  | <p>239,037</p>   |

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

### Note 8—Long-term obligations (continued)

#### C. Installment Purchase (continued)

General Government Installment Purchases – Principal Balance as of June 30, 2025 (continued):

- (8) Executed in December 2024 for the purchase of vehicle equipment financing. The direct placement \$1,241,873 note with Cogent Bank has an interest rate of 3.86% and calls for 9 semiannual installment payments ranging from \$129,999 to \$145,885 beginning May 2025. Final payment is due in fiscal year 2030. Loan is secured by the vehicles and equipment assets purchased with the proceeds. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted. 1,110,287
- Total Governmental Activities Installment Purchases \$ 4,303,587

Business-Type Activities Installment Purchases:

- (1) Acceptance of a loan of \$33,534 from North Carolina Department of Environment and Natural Resources - American Recovery & Reinvestment Act funds for improvements to the water system in May 2011. The loan has an interest rate of 0% and calls for an annual principal payment of \$1,849 beginning May 2011 plus 19 annual principal payments of \$1,668 beginning May 2012. Final payment is due in fiscal year 2029-2030. The loan is secured by the revenues generated by the benefited systems. 8,338
- (2) Acceptance of a loan of up to \$17,500,000 from the Clean Water State Revolving Fund to provide funding for the Utley Creek Wastewater Treatment Plant upgrade and expansion. The loan provides for interest at a rate of 2.1 %, payable semiannually, and for 20 annual principal payments of \$875,000 to begin in May 2012. Final payment is due in fiscal year 2029-2030. The loan is secured by the revenues generated by the benefited systems. 4,375,000
- (3) Executed in July 2020 for the construction of Avent Ferry Force Main. The direct placement \$3,045,650 note with BB&T bank has an interest rate of 1.91% and calls for 15 annual principal payments on June 30<sup>th</sup>, plus interest payments every March and September beginning March 2021. Final payment is due in fiscal year 2036. The loan is secured by the assets constructed with related debt proceeds. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted. 2,170,608
- (4) Executed in October 2021 for the purchase of vehicle equipment financing. The direct placement \$716,068 note with Banc of America has an interest rate of 0.6946% and calls for 4 annual principal payments from \$178,554 to \$355,257 plus interest beginning April 2022. Final payment is due in fiscal year 2026. Loan is secured by the police and public works vehicles and equipment assets purchased with the proceeds. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted. 90,598
- (5) Executed in December 2024 for the purchase of vehicle equipment financing. The direct placement \$568,439 note with Cogent Bank has an interest rate of 3.86% and calls for 9 semiannual installment payments ranging from \$59,503 to \$66,275 beginning May 2025. Final payment is due in fiscal year 2030. Loan is secured by the vehicles and equipment assets purchased with the proceeds. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted. 508,209

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2025

**Note 8—Long-term obligations (continued)**

C. Installment Purchase (continued)

- (6) Executed in June 2025 for the purchase of equipment financing. The direct placement \$809,202 note with First Bank has an interest rate of 4.69% and calls for 6 semi-annual principal payments of \$134,867 plus interest beginning December 2025. Final payment is due in fiscal year 2028. Loan is secured by the equipment asset purchased with the proceeds. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted.

809,202

Total Business-Type Activities Installment Purchases

\$ 7,961,955

Annual debt service payments of installment purchase obligations for the years ending June 30 are as follows:

<u>Years Ending</u> <u>June 30:</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,725,532	\$ 98,056	\$ 1,548,239	\$ 185,081
2027	1,172,129	56,933	1,466,009	145,373
2028	737,181	30,209	1,474,630	105,726
2029	269,734	9,785	1,145,757	67,691
2030	271,469	8,051	1,149,699	45,374
2031-2035	127,543	840	1,092,498	61,093
2036	-	-	85,123	813
	<u>\$ 4,303,587</u>	<u>\$ 203,873</u>	<u>\$ 7,961,955</u>	<u>\$ 611,151</u>

D. Revenue Bonds

- (1) \$9,040,907 Water and Sewer Refunding Bond, Series 2020, issued July 2020, the proceeds of the bonds were used to refinance the remaining principal components of the Water and Sewer Revenue Bonds, Series 2008. The refunding resulted in a net present value savings of \$526,639. Principal and interest installments are due annually on August 12 through August 2028. Interest is at a rate of 1.38%. The loan is secured by revenues generated from the benefitted systems.

\$4,473,454

- (2) \$5,242,436 Water and Sewer Refunding Bond, Series 2020, issued July 2020, the proceeds of the bonds were used to refinance the remaining principal components of the Water and Sewer Revenue Bonds, Series 2010. The refunding resulted in a net present value savings of \$812,792. Principal and interest installments of \$702,050 are due annually on July 14 through July 2028. Interest is at a rate of 1.58%. The loan is secured by revenues generated from the benefitted systems.

2,700,687

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2025

**Note 8—Long-term obligations (continued)**

D. Revenue Bonds (continued)

- (3) \$66,865,000 Enterprise Systems Revenue Bonds, Series 2024, issued July 2024, with 28 annual principal payments ranging from \$1,155,000 to \$4,045,000 due November 2026 through November 2053, plus an all-in true interest cost of 3.987%. The bonds were issued with a premium of \$3,800,557, which will be amortized over the life of the bonds using the straight-line method. The unamortized balance of the premium at June 30, 2025 is \$3,800,557.
- 66,865,000
- Total Revenue Bonds \$ 74,039,141

The future payments of the revenue bonds are as follows:

<u>Years Ending June 30:</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,703,288	\$ 3,107,355
2027	2,916,935	3,053,655
2028	3,037,975	2,968,751
2029	3,160,942	2,879,983
2030	1,340,000	2,787,200
2031-2035	7,800,000	12,832,250
2036-2040	10,020,000	10,616,000
2041-2045	12,855,000	7,783,750
2046-2050	15,950,000	4,697,000
2051-2054	15,255,000	1,250,700
	<u>\$ 74,039,141</u>	<u>\$ 51,976,644</u>

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025

### Note 8—Long-term obligations (continued)

#### D. Revenue Bonds (continued)

The Town has pledged future water and sewer customer revenues, net of operating expenses (net revenues), to repay the \$14,283,343 Water and Sewer Revenue Bonds, Series 2020 and \$66,865,000 Enterprise Systems Revenue Bonds, Series 2024. Management believes the Town is in compliance with the covenants as to rates, fees, and charges for the use of water and sewer system services in such amount as to produce net revenues in each fiscal year equal to the total of 120% of debt service requirements on the Series 2020 and Series 2024 bonds plus 100% of the debt service for all general obligation bonds, installment financing, and subordinate bonds. Principal and interest paid during the year ended June 30, 2025 were \$1,646,934 and \$2,388,690, respectively. The debt service coverage ratio calculation for the year ended June 30, 2025 is as follows:

Operating revenues	\$ 29,855,091
Operating expenses (less depreciation and amortization)*	<u>(21,283,277)</u>
Operating income	8,571,814
Non-operating revenues (expenses)**	<u>11,268,937</u>
Net revenues available for debt service	<u>\$ 19,840,751</u>
Debt service, principal and interest paid (revenue bonds only)	<u>\$ 4,035,624</u>
Debt service coverage ratio	<u>492%</u>

\* Per rate covenants, this does not include depreciation and amortization expense of \$5,335,169

\*\* Per rate covenants, this does not include interest on borrowed money of expense of \$4,546,185

\*\* Non-operating revenues include \$6,936,493 of System Development Fees collected in current year

#### E. Leases and SBITAs

The Town has entered into agreements to lease certain equipment and a building; there are no variable payment components of the leases. The lease liabilities have been recorded at the present value of the future minimum lease payments as of the date of their inception with a discount rate that ranges from 0.7268% to 2.84% which are implicit in the leases.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2025*

**Note 8—Long-term obligations (continued)**

E. Leases and SBITAs (continued)

The future lease payments as of June 30, 2025, were as follows:

<b><u>Years Ending June 30:</u></b>	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2026	\$ 184,889	\$ 7,643	\$ 14,993	\$ 3,631
2027	131,168	2,608	15,628	3,450
2028	38,445	548	15,990	3,263
2029	-	-	13,400	3,123
2030	-	-	13,995	3,023
2031-2035	-	-	79,595	13,467
2036-2040	-	-	97,623	10,261
2041-2045	-	-	118,721	6,346
2046-2049	-	-	112,396	1,707
	<u>\$ 354,502</u>	<u>\$ 10,799</u>	<u>\$ 482,341</u>	<u>\$ 48,271</u>

The Town has entered into subscription-based IT arrangements for the use of certain software systems. These agreements have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

The future SBITA obligations as of June 30, 2025, were as follows:

<b><u>Year Ending June 30,</u></b>	<b>Governmental Activities</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	
2026	\$ 655,252	\$ 38,662	\$ 212,508
2027	570,774	25,943	212,418
2028	200,787	11,735	173,052
2029	207,871	5,975	891
	<u>\$ 1,634,684</u>	<u>\$ 82,315</u>	<u>\$ 598,869</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2025

**Note 8—Long-term obligations (continued)**

**F. Changes in General Long-Term Debt**

General Fund assets have and are used to satisfy net pension obligations, other postemployment benefits, and compensated absences.

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
Bonds Payable:					
General obligation bonds	\$ 31,807,126	\$ 68,000,000	\$ 2,037,208	\$ 97,769,918	\$ 5,447,344
Premiums on issuance (GOs)	4,732,126	6,701,910	296,661	11,137,375	631,756
Limited obligation bonds	39,925,000	18,590,000	2,085,000	56,430,000	2,750,000
Premiums on issuance (LOBs)	4,863,158	2,542,858	326,400	7,079,616	460,235
Total bonds payable	81,327,410	95,834,768	4,745,269	172,416,909	9,289,335
Installment purchases	4,749,894	1,241,873	1,688,180	4,303,587	1,725,532
Compensated absences	5,579,273	941,734 *	-	6,521,007	3,977,814
Lease liabilities	134,136	412,625	192,259	354,502	184,889
Subscription liabilities	573,424	1,515,079	453,819	1,634,684	655,252
Total pension liability (LEOSSA)	3,126,022	814,155	-	3,940,177	95,308
Net pension liability - LGERS	17,973,522	692,881	-	18,666,403	-
Net OPEB liability	4,027,080	157,087	-	4,184,167	95,145
Total governmental activity long-term liabilities	117,490,761	101,610,202	7,079,527	212,021,436	16,023,275
<b>Business-Type Activities:</b>					
General obligation bonds	6,137,874	-	522,792	5,615,082	532,656
Premiums on issuance (GOs)	958,640	-	73,741	884,899	73,742
Limited obligation bonds	1,325,000	18,590,000	-	19,915,000	70,000
Premiums on issuance (LOBs)	-	2,542,858	-	2,542,858	133,835
Revenue bonds	8,821,074	66,865,000	1,646,933	74,039,141	1,703,288
Premiums on issuance (Revenue bonds)	-	3,800,557	-	3,800,557	131,054
Installment purchases	7,888,938	1,377,641	1,304,624	7,961,955	1,548,239
Compensated absences	1,018,355	25,705 *	-	1,044,060	699,520
Lease liabilities	483,745	10,867	12,271	482,341	14,993
Net pension liability - LGERS	4,806,520	95,799	-	4,902,319	-
Net OPEB liability	1,076,951	21,921	-	1,098,872	35,370
Total business-type activity long-term liabilities	32,517,097	\$ 93,330,348	\$ 3,560,361	122,287,084	4,942,697
Total long-term liabilities	\$ 150,007,858			\$ 334,308,520	\$ 20,965,972

\* The change in the compensated absences liability is presented as a net change.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2025*

**Note 9—Commitments**

The Town has active construction projects as of June 30, 2025. The commitments with contractors are as follows:

<b>Project</b>	<b>Spent through June 30, 2025</b>	<b>Remaining Commitment</b>
Sanford Water Capacity and Linework	\$ 7,160,407	\$ 73,136,391
Operations Center	21,520,536	21,163,576
Eagles Landing Park	8,141,958	17,941,538
Holly Springs Road Widening - East	25,092,505	3,832,856
UCWRF 8 MGD upgrade	9,730,019	2,683,997
Street Resurfacing	-	2,268,957
Fire Truck Replacement	-	1,572,497
Hwy 55 Right Turn Lane - AF/S Main	668,207	1,446,349
Main Street Eastbound Right Turn Lane	288,007	1,008,388
Comprehensive Plan Update	422,761	777,148
Refurbished Centrifuge	-	754,500
I-540 Utility Relocation	-	717,330
Vehicle and Equipment Replacement	-	663,282
Town Hall Renovations (HVAC)	140,750	482,750
Sugg Farm Amenities	40,000	433,148
Hunt Center HVAC Replacement	35,739	383,695
Ting Soccer Field Turf Replacement	817,300	362,050
Police Records Management System	-	301,749
Bass Lake Dam Spillway	335,903	358,214
Cityworks Implementation	41,094	247,976
Fuquay Water Line Conveyance Project	2,165,970	242,542
Cultural Center Theater Seating	75,000	188,700
Fire Station 3	10,112,654	130,104
Ting Park Parking Lot	-	113,000
Totals	<u>\$ 86,788,810</u>	<u>\$ 131,210,737</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The following represents annual budget encumbrances outstanding as of June 30, 2025:

<b>General Fund</b>	<b>Special Revenue Fund- Emergency Telephone System Fund</b>
<u>\$4,564,932</u>	<u>\$60,145</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2025

**Note 10—Transfers**

Transfers to/from other funds during the year ended June 30, 2025 consist of the following:

	Transfers Out							Total Transfers In
	General Fund	Street and Sidewalk Projects Fund	Town Building Projects Fund	Nonmajor Funds	Utility Fund	System Development Fee Fund	Stormwater Management Fund	
Transfers In:								
General Fund	\$ -	\$ -	\$ -	\$ 652,588	\$ 60,000	\$ -	\$ 4,000	\$ 716,588
Debt Service Fund	140,000	-	-	-	-	-	-	140,000
Parks & Recreation Projects Fund	1,292,505	1,500,000	-	-	-	-	-	2,792,505
Town Building Projects Fund	500,000	650,000	-	-	-	-	-	1,150,000
Nonmajor Funds	25,000	-	400,967	-	-	-	-	425,967
Utility Fund	414,280	55,360	2,070,792	-	-	2,310,790	-	4,851,222
Total Transfers Out	<u>\$ 2,371,785</u>	<u>\$ 2,205,360</u>	<u>\$ 2,471,759</u>	<u>\$ 652,588</u>	<u>\$ 60,000</u>	<u>\$ 2,310,790</u>	<u>\$ 4,000</u>	<u>\$ 10,076,282</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts providing matching funds for various grant programs. Further, one-time transfers include:

- 1) A transfer of \$1,287,104 from the General Fund to the Parks and Recreation Projects Fund to provide funding for the Ting Park Soccer Field Turf Replacement project.
- 2) A transfer of \$1,500,000 from the Streets and Sidewalk Projects Fund to the Parks and Recreation Projects Fund to provide funding for the Eagles Landing Park project.
- 3) A transfer of \$2,070,792 from the Town Building Projects Fund to the Utility Fund to transfer back funding for the Operations Center Complex Project.
- 4) A transfer of \$1,010,790 from the System Development Fee Fund to the Utility Fund for payment of principal and interest on debt service.
- 5) A transfer of \$1,000,000 from the System Development Fee Fund to the Utility Fund to provide funding for the Elevated Tank on New Hill Road project.

# **TOWN OF HOLLY SPRINGS, NORTH CAROLINA**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2025*

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### **Note 11—Sanford Water Filtration Facility Interlocal Agreement**

The Town entered into a regional partnership with the City of Sanford, NC and the Town of Fuquay-Varina, NC to upgrade and expand the Sanford Water Filtration Facility (WFF). The project will increase the WFF's capacity from 12 million gallons per day (MGD) to 30 MGD to meet the long-term water demands within the participating service areas. Under the terms of an interlocal agreement, each partner will share ownership and costs associated with the operation of the expanded WFF at 30 MGD capacity. Upon completion of the project, the City of Sanford will manage, operate and maintain the expanded WFF, and each partner's percentage of ownership in the expanded WFF will be as follows: Town of Holly Springs 12.5%, City of Sanford 68.8%, and Town of Fuquay-Varina 18.7%.

Construction and related improvements are ongoing, and the partners share project costs in accordance with the interlocal agreement. Accordingly, the Town has recorded \$8,334,994 as business-type non-depreciable capital asset related to this project at June 30, 2025.

### **Note 12—Contingencies**

#### Federal and State Assisted Programs

The Town has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

### **Note 13—Subsequent events**

Subsequent events evaluated through December 19, 2025, which is the date the financial statements were available to be issued.

The Town entered into Series 2025 Enterprise Systems Revenue Bond Anticipation Notes in the amount of \$21,404,750. The closing date was September 16, 2025. The notes have a maturity date of September 16, 2026, and have an interest rate of 3.74%.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2025

**Note 14—Restatements of beginning balances**

During the current year, the Town implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment and certain earned but unused compensatory time, the Town now recognizes an estimated amount of sick leave earned as of year-end that is more likely than not to be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the “Restatement – GASB 101 implementation” column in the table below.

	Net position 6/30/2024 as previously reported	Restatement - GASB 101 implementation	Net position 6/30/2024 as restated
<b>Government-wide</b>			
Governmental activities	\$ 200,266,818	\$ (3,241,974)	\$ 197,024,844
Business-type activities	203,904,938	(557,966)	203,346,972
<b>Total government-wide</b>	<u>\$ 404,171,756</u>	<u>\$ (3,799,940)</u>	<u>\$ 400,371,816</u>
<b>Proprietary funds</b>			
<b>Enterprise funds</b>			
Major funds:			
Utility Fund	\$ 181,159,716	\$ (492,826)	\$ 180,666,890
System Development Fee Fund	18,782,431	-	18,782,431
Stormwater Management Fund	3,962,791	(65,140)	3,897,651
<b>Total enterprise funds</b>	<u>\$ 203,904,938</u>	<u>\$ (557,966)</u>	<u>\$ 203,346,972</u>

# REQUIRED SUPPLEMENTARY INFORMATION (RSI)



Prepared by the Town of Holly Springs Finance Department

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**

*LAST NINE FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total Pension Liability</b>									
Service cost at end of the year	\$ 157,622	\$ 141,699	\$ 192,611	\$ 199,670	\$ 104,185	\$ 93,594	\$ 88,153	\$ 73,932	\$ 80,537
Interest	123,135	127,094	76,816	59,287	63,999	56,283	49,468	52,065	45,249
Difference between expected and actual experience	731,428	(128,514)	(12,873)	(97,632)	(14,010)	224,945	(68,884)	(23,411)	-
Changes of assumptions or other inputs	(102,723)	84,573	(626,489)	261,842	1,008,479	71,781	(78,232)	114,674	(44,407)
Benefit payments	(95,307)	(95,307)	(95,307)	(66,607)	(41,317)	(18,034)	(1,358)	-	-
Net Change in Total Pension Liability	814,155	129,545	(465,242)	356,560	1,121,336	428,569	(10,853)	217,260	81,379
Total pension liability, beginning	3,126,022	2,996,477	3,461,719	3,105,159	1,983,823	1,555,254	1,566,107	1,348,847	1,267,468
Total Pension Liability, ending	<u>\$ 3,940,177</u>	<u>\$ 3,126,022</u>	<u>\$ 2,996,477</u>	<u>\$ 3,461,719</u>	<u>\$ 3,105,159</u>	<u>\$ 1,983,823</u>	<u>\$ 1,555,254</u>	<u>\$ 1,566,107</u>	<u>\$ 1,348,847</u>

Notes to the schedule:

The amounts presented for each fiscal year were determined as of the prior calendar year ended December 31.

The Town of Holly Springs has no assets accumulated in a trust fund.

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL -  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE***LAST NINE FISCAL YEARS*

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 3,940,177	\$ 3,126,022	\$ 2,996,477	\$ 3,461,719	\$ 3,105,159	\$ 1,983,823	\$ 1,555,254	\$ 1,566,107	\$ 1,348,847
Covered-employee payroll	6,001,135	4,988,622	4,500,994	4,468,997	3,850,853	3,615,000	3,163,245	2,987,214	3,042,717
Total pension liability as a percentage of covered-employee payroll	65.66%	62.66%	66.57%	77.46%	80.64%	54.88%	49.17%	52.43%	44.33%

Notes to the schedule:

The Town of Holly Springs has no assets accumulated in a trust.

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS -  
OPEB TRUST PLAN**
*LAST EIGHT FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>								
Service cost	\$ 295,686	\$ 374,454	\$ 369,684	\$ 406,230	\$ 426,651	\$ 260,102	\$ 239,830	\$ 259,351
Interest	302,584	225,353	205,225	131,129	117,824	140,401	117,478	96,288
Difference between expected and actual experience	42,592	240,024	3,884	(56,061)	736	374,329	(228)	(3,484)
Changes in assumptions	188,297	(778,816)	(66,944)	(392,814)	28,481	584,898	(147,518)	(241,742)
Change in benefit terms	(168,822)	-	-	-	-	-	-	-
Benefit payments	(130,515)	(102,256)	(99,943)	(87,147)	(70,705)	(56,848)	(11,440)	(7,418)
Net Changes	529,822	(41,241)	411,906	1,337	502,987	1,302,882	198,122	102,995
Beginning balance	6,217,514	6,258,755	5,846,849	5,845,512	5,342,525	4,039,643	3,305,621	3,202,626
Ending balance	<u>\$ 6,747,336</u>	<u>\$ 6,217,514</u>	<u>\$ 6,258,755</u>	<u>\$ 5,846,849</u>	<u>\$ 5,845,512</u>	<u>\$ 5,342,525</u>	<u>\$ 3,503,743</u>	<u>\$ 3,305,621</u>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	\$ 280,515	\$ 252,256	\$ 249,943	\$ 87,147	\$ 95,705	\$ 671,848	\$ -	\$ -
Net investment income	200,814	162,049	102,275	(100,757)	2,827	7,089	-	-
Benefit payments	(130,515)	(102,256)	(99,943)	(87,147)	(70,705)	(56,848)	-	-
Net change in plan fiduciary net position	350,814	312,049	252,275	(100,757)	27,827	622,089	-	-
Plan fiduciary net position, beginning	1,113,483	801,434	549,159	649,916	622,089	-	-	-
Plan fiduciary net position, ending	<u>\$ 1,464,297</u>	<u>\$ 1,113,483</u>	<u>\$ 801,434</u>	<u>\$ 549,159</u>	<u>\$ 649,916</u>	<u>\$ 622,089</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net OPEB Liability</b>	\$ 5,283,039	\$ 5,104,031	\$ 5,457,321	\$ 5,297,690	\$ 5,195,596	\$ 4,720,436	\$ 3,503,743	\$ 3,305,621
Plan Fiduciary Net Position as percentage of total OPEB Liability	21.70%	17.91%	12.81%	9.39%	11.12%	11.64%	0.00%	0.00%
Covered-employee payroll	\$ 22,328,659	\$ 26,046,075	\$ 19,551,816	\$ 19,551,816	\$ 16,110,608	\$ 16,110,608	\$ 13,900,834	\$ 13,598,192
Net OPEB liability as a percentage of Covered-employee payroll	23.66%	19.60%	27.91%	27.10%	32.25%	29.30%	25.21%	24.31%

Notes to the schedule:

Plan measurement date is the reporting date for FY2021 and is one year prior to the reporting date in FY2020 and FY2019.

The Town created an OPEB Trust Fund in FY2020. Information is not required to be presented retroactively. Data for years prior to this presentation is unavailable.

Employees hired on or after July 1, 2022 are not eligible for the Town's group post-employment health insurance.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS -**  
**OPEB TRUST PLAN**

*LAST SIX FISCAL YEARS\**

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Actuarially Determined Contribution	\$ 809,691	\$ 809,691	\$ 609,581	\$ 609,581	\$ 614,469	\$ 614,469
Contributions in relation to the Actuarially Determined Contribution	280,515	252,256	249,943	87,147	95,705	671,848
Annual contribution deficiency (excess)	\$ 529,176	\$ 557,435	\$ 359,638	\$ 522,434	\$ 518,764	\$ (57,379)
Covered payroll**	\$ 22,328,659	\$ 26,046,075	\$ 19,551,816	\$ 19,551,816	\$ 16,110,608	\$ 16,110,608
Contribution as a percentage of covered payroll	1.26%	0.97%	1.28%	0.45%	0.59%	4.17%

\* This schedule will not present ten years' worth of information until available.

\*\*For years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation

Valuation Date: June 30,2025

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Closed 26-year level pay
Amortization period	Varies
Asset valuation method	Fair Value
Inflation	2.50%
Healthcare cost trend rates	7.50% for 2025 decreasing to an ultimate rate of 4.50% by 2033
Salary increases	3.25% to 8.41% including inflation and productivity factor
Investment rate of return	3.50%, net of OPEB plan investment expense, including price inflation

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
Annualized return, net of investment expense	16.90%	16.92%	15.15%	-15.50%	0.44%	1.80%

\*The Town created an OPEB Trust Fund in FY2020. Information is not required to be presented retroactively.

\*Data for years prior to this presentation is unavailable.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**

*LAST TEN FISCAL YEARS*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Town's proportion of the net pension liability (%)	0.34961%	0.34395%	0.30835%	0.30500%	0.28838%	0.28322%	0.27011%	0.25855%	0.25138%	0.26003%
Town's proportion of the net pension liability (\$)	\$ 23,568,722	\$ 22,780,042	\$ 17,395,343	\$ 4,677,470	\$ 10,305,048	\$ 7,734,517	\$ 5,254,505	\$ 3,949,928	\$ 5,335,129	\$ 1,167,001
Town's covered payroll	\$ 29,531,387	\$ 27,669,072	\$ 21,110,423	\$ 19,648,103	\$ 18,407,667	\$ 17,191,729	\$ 15,856,385	\$ 14,555,252	\$ 13,598,192	\$ 12,899,021
Town's proportionate share of the net pension liability as a percentage of its covered payroll	79.81%	82.33%	82.40%	23.81%	55.98%	44.99%	33.14%	27.14%	39.23%	9.05%
Plan fiduciary net position as a percentage of the total pension liability *	83.30%	82.97%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%

The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

\* This will be the same percentage for all participant employers in the LGERS plan.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS**  
**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**

*LAST TEN YEARS*

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Contractually required contribution	\$ 4,667,844	\$ 3,863,812	\$ 3,402,930	\$ 2,433,386	\$ 2,034,846	\$ 1,682,976	\$ 1,072,766	\$ 957,247	\$ 1,088,779	\$ 931,025
Contributions in relation to the contractually required contribution	4,667,844	3,863,812	3,402,930	2,433,386	2,034,846	1,682,976	1,072,766	957,247	1,088,779	931,025
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Town's covered payroll	\$ 33,558,583	\$ 29,531,387	\$ 27,669,072	\$ 21,110,423	\$ 19,648,103	\$ 18,407,667	\$ 17,191,729	\$ 15,856,385	\$ 14,555,252	\$ 13,598,192
Contributions as a percentage of covered payroll	13.91%	13.08%	12.30%	11.53%	10.36%	9.14%	6.24%	6.04%	7.48%	6.85%

# COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES



Prepared by the Town of Holly Springs Finance Department

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	2025		Variance Positive (Negative)	2024
	Budget	Actual		Actual
<b>Revenues:</b>				
<b>Ad valorem taxes:</b>				
Current year taxes	\$ 25,902,136	\$ 26,315,341	\$ 413,205	\$ 21,994,812
Prior years taxes	20,000	17,886	(2,114)	17,372
Penalties and interest	30,000	36,089	6,089	50,260
Vehicle tax	1,507,411	1,768,985	261,574	1,955,221
Total	27,459,547	28,138,301	678,754	24,017,665
<b>Other taxes and licenses:</b>				
Rental vehicle tax	5,000	6,620	1,620	6,791
Vehicle fee	888,250	911,745	23,495	872,845
Total	893,250	918,365	25,115	879,636
<b>Unrestricted intergovernmental:</b>				
Local Sales Tax distribution	14,712,051	14,872,621	160,570	14,491,894
Utilities Sales distribution	2,550,000	2,908,599	358,599	2,612,140
Beer and wine tax	216,235	183,671	(32,564)	219,172
Solid Waste disposal tax	38,000	35,452	(2,548)	35,104
ABC profit distribution	260,000	211,397	(48,603)	254,049
Total	17,776,286	18,211,740	435,454	17,612,359
<b>Restricted intergovernmental:</b>				
County grant	98,400	-	(98,400)	128,080
Federal grant	-	129,259	129,259	-
Total	98,400	129,259	30,859	128,080
<b>Permits and fees:</b>				
Building permits	1,575,000	1,276,052	(298,948)	1,263,212
Development fees	909,500	452,582	(456,918)	763,486
Planning and zoning fees	240,000	206,931	(33,069)	299,433
Total	2,724,500	1,935,565	(788,935)	2,326,131
<b>Sales and services:</b>				
Lease revenue	-	78,881	78,881	110,028
Solid waste fees	2,774,009	2,652,726	(121,283)	2,977,697
Yard waste fees	1,484,903	1,427,772	(57,131)	1,382,613
Recreation fees	2,367,851	2,654,786	286,935	2,604,616
Public safety	1,640,188	1,766,761	126,573	1,454,701
Cemetery	30,000	41,000	11,000	35,608
Other sales and services	31,000	30,667	(333)	31,287
Total	8,327,951	8,652,593	324,642	8,596,550

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	2025		Variance Positive (Negative)	2024
	Budget	Actual		Actual
<b>Miscellaneous:</b>				
Miscellaneous revenue	\$ 233,000	\$ 212,461	\$ (20,539)	\$ 233,242
Total	233,000	212,461	(20,539)	233,242
<b>Investment earnings</b>	709,314	1,323,586	614,272	1,499,646
<b>Total revenues</b>	58,222,248	59,521,870	1,299,622	55,293,309
<b>Expenditures:</b>				
<b>General government:</b>				
<b>Central Services:</b>				
Salaries and employee benefits	242,500	219,490	23,010	230,369
Operating expenditures	3,736,414	3,134,449	601,965	3,436,702
Professional services	-	-	-	-
Capital outlay	412,626	412,625	1	-
Total	4,391,540	3,766,564	624,976	3,667,071
<b>Administration:</b>				
<b>Town Manager's Office:</b>				
Salaries and employee benefits	750,036	740,302	9,734	733,872
Operating expenditures	272	(2,602)	2,874	(43,245)
Professional services	242,068	167,694	74,374	79,473
Total	992,376	905,394	86,982	770,100
<b>Human Resources:</b>				
Salaries and employee benefits	574,297	574,030	267	461,185
Operating expenditures	(7,925)	(8,031)	106	16,694
Professional services	359,428	359,332	96	61,100
Capital outlay	490,722	490,722	-	-
Total	1,416,522	1,416,053	469	538,979
<b>Town Attorney:</b>				
Salaries and employee benefits	446,608	442,440	4,168	445,064
Operating expenditures	(5,450)	(12,268)	6,818	394
Professional services	3,000	-	3,000	3,500
Total	444,158	430,172	13,986	448,958

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	2025		Variance Positive (Negative)	2024
	Budget	Actual		Actual
<b>Town Clerk (includes Town Council):</b>				
Salaries and employee benefits	\$ 229,886	\$ 227,338	\$ 2,548	\$ 263,875
Operating expenditures	110,110	99,346	10,764	155,146
Professional services	27,024	26,859	165	26,692
Total	367,020	353,543	13,477	445,713
<b>Office of Budget, Innovation, &amp; Strategy:</b>				
Salaries and employee benefits	456,263	447,523	8,740	526,027
Operating expenditures	(7,736)	(16,785)	9,049	2,292
Professional services	21,400	19,826	1,574	15,167
Total	469,927	450,564	19,363	543,486
<b>Office of Customer Care:</b>				
Salaries and employee benefits	167,946	152,675	15,271	178,549
Operating expenditures	10,600	9,928	672	1,020
Total	178,546	162,603	15,943	179,569
<b>Administration Total</b>	<b>3,868,549</b>	<b>3,718,329</b>	<b>150,220</b>	<b>2,926,805</b>
<b>Communications:</b>				
Salaries and employee benefits	451,576	431,438	20,138	445,580
Operating expenditures	11,643	177	11,466	9,181
Professional services	89,625	88,100	1,525	106,271
Total	552,844	519,715	33,129	561,032
<b>Finance:</b>				
Salaries and employee benefits	917,434	904,406	13,028	915,105
Operating expenditures	(29,104)	(63,171)	34,067	(41,163)
Professional services	166,520	160,141	6,379	165,318
Capital outlay	31,033	31,033	-	23,215
Total	1,085,883	1,032,409	53,474	1,062,475
<b>Information Technology:</b>				
Salaries and employee benefits	1,035,880	970,362	65,518	881,183
Operating expenditures	1,190,554	1,090,638	99,916	1,110,182
Professional services	275,281	272,100	3,181	239,079
Capital outlay	78,948	78,940	8	540,572
Total	2,580,663	2,412,040	168,623	2,771,016
<b>Total general government</b>	<b>12,479,479</b>	<b>11,449,057</b>	<b>1,030,422</b>	<b>10,988,399</b>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	2025		Variance Positive (Negative)	2024
	Budget	Actual		Actual
<b>Economic and physical development:</b>				
<b>Development Services:</b>				
Salaries and employee benefits	\$ 3,910,877	\$ 3,429,340	\$ 481,537	\$ 3,262,153
Operating expenditures	315,765	214,044	101,721	230,305
Professional services	190,131	127,865	62,266	199,328
Capital outlay	58,000	-	58,000	148,774
Total	4,474,773	3,771,249	703,524	3,840,560
<b>Economic Development:</b>				
Salaries and employee benefits	421,817	418,353	3,464	370,500
Operating expenditures	47,900	30,044	17,856	2,546
Professional service	36,650	36,454	196	38,517
Total	506,367	484,851	21,516	411,563
<b>Utility &amp; Infrastructure:</b>				
Salaries and employee benefits	1,705,815	1,494,450	211,365	1,301,372
Operating expenditures	72,500	59,159	13,341	24,181
Professional services	133,735	42,734	91,001	91,956
Capital outlay	2,636	-	2,636	56,920
Total	1,914,686	1,596,343	318,343	1,474,429
<b>Total economic and   physical development</b>	6,895,826	5,852,443	1,043,383	5,726,552
<b>Public safety:</b>				
<b>Police:</b>				
Law enforcement				
Salaries and employee benefits	10,350,617	10,272,525	78,092	8,040,139
Operating expenditures	1,012,312	759,431	252,881	630,885
Professional services	228,400	228,085	315	208,801
Capital outlay	1,823,827	1,776,751	47,076	295,980
Total	13,415,156	13,036,792	378,364	9,175,805
Telecommunications				
Salaries and employee benefits	1,341,887	1,317,695	24,192	1,143,188
Operating expenditures	11,000	8,501	2,499	6,867
Professional services	2,000	391	1,609	-
Total	1,354,887	1,326,587	28,300	1,150,055
<b>Fire:</b>				
Salaries and employee benefits	8,697,645	8,627,948	69,697	6,964,736
Operating expenditures	1,016,820	1,006,777	10,043	380,035
Professional services	117,800	117,662	138	132,140
Capital outlay	227,815	185,791	42,024	17,450
Total	10,060,080	9,938,178	121,902	7,494,361
<b>Total public safety</b>	24,830,123	24,301,557	528,566	17,820,221

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	2025		Variance Positive (Negative)	2024
	Budget	Actual		Actual
<b>Public Works:</b>				
<b>Fleet Maintenance:</b>				
Salaries and employee benefits	\$ 365,585	\$ 316,083	\$ 49,502	\$ 439,713
Operating expenditures	913,363	794,476	118,887	872,749
Capital outlay	81,915	72,504	9,411	-
Total	1,360,863	1,183,063	177,800	1,312,462
<b>Streets:</b>				
Salaries and employee benefits	1,259,586	1,083,326	176,260	1,143,794
Operating expenditures	184,400	175,460	8,940	119,490
Professional services	225,784	215,170	10,614	179,357
Capital outlay	552,000	2,006	549,994	401,663
Total	2,221,770	1,475,962	745,808	1,844,304
<b>Solid Waste:</b>				
Salaries and employee benefits	1,919,159	1,881,102	38,057	1,655,194
Operating expenditures	166,628	160,359	6,269	109,409
Professional services	2,713,493	2,660,967	52,526	2,974,159
Capital outlay	327,045	231,809	95,236	908,379
Total	5,126,325	4,934,237	192,088	5,647,141
<b>Public Facilities:</b>				
Salaries and employee benefits	409,785	374,269	35,516	268,449
Operating expenditures	455,857	425,944	29,913	230,880
Professional services	420,532	346,744	73,788	373,258
Capital outlay	87,302	83,674	3,628	-
Total	1,373,476	1,230,631	142,845	872,587
<b>Total public works</b>	10,082,434	8,823,893	1,258,541	9,676,494
<b>Cultural and recreational:</b>				
<b>Parks and recreation:</b>				
Salaries and employee benefits	4,726,384	4,569,279	157,105	4,332,503
Operating expenditures	1,522,322	1,410,934	111,388	1,337,306
Professional services	614,609	569,054	45,555	545,018
Capital outlay	293,654	273,037	20,617	49,494
<b>Total cultural and recreational</b>	7,156,969	6,822,304	334,665	6,264,321
<b>Total expenditures</b>	61,444,831	57,249,254	4,195,577	50,475,987
<b>Revenues over (under) expenditures</b>	(3,222,583)	2,272,616	5,495,199	4,817,322

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	2025			2024
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Other financing sources (uses):</b>				
Transfers in	\$ 424,923	\$ 716,588	\$ 291,665	\$ 5,069,393
Transfers out	(4,677,261)	(4,676,511)	750	(3,908,942)
Proceeds from sale of capital assets	150,000	120,242	(29,758)	85,898
Issuance of subscription liability	1,515,080	1,515,079	(1)	540,572
Issuance of lease liability	412,626	412,625	(1)	23,215
Installment note issuance	1,241,876	1,241,873	(3)	-
Loss on termination of lease	(53,940)	(53,939)	1	-
Appropriated fund balance	4,209,279	-	(4,209,279)	-
<b>Total other financing sources (uses)</b>	<b>3,222,583</b>	<b>(724,043)</b>	<b>(3,946,626)</b>	<b>1,810,136</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>1,548,573</b>	<b>\$ 1,548,573</b>	<b>6,627,458</b>
<b>Fund balance - Beginning of year</b>		<b>30,357,680</b>		<b>23,730,222</b>
<b>Fund balance - End of year</b>		<b>\$ 31,906,253</b>		<b>\$ 30,357,680</b>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**

POWELL BILL FUND (sub fund of the General Fund)

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	2025			2024
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
Restricted intergovernmental:				
Powell Bill allocation	\$ 1,409,784	\$ 1,529,896	\$ 120,112	\$ 1,370,784
Sale of Powell Bill assets	-	11,200	11,200	52
Total	1,409,784	1,541,096	131,312	1,370,836
Investment earnings	-	87,736	87,736	53,289
<b>Total revenues</b>	1,409,784	1,628,832	219,048	1,424,125
<b>Expenditures:</b>				
Operating expenditures	129,303	128,876	427	119,120
Capital outlay	2,700,170	92,696	2,607,474	1,345,615
<b>Total expenditures</b>	2,829,473	221,572	2,607,901	1,464,735
<b>Revenues over (under) expenditures</b>	(1,419,689)	1,407,260	2,826,949	(40,610)
<b>Other financing sources:</b>				
Appropriated fund balance	1,419,689	-	(1,419,689)	-
<b>Total other financing sources</b>	1,419,689	-	(1,419,689)	-
<b>Net change in fund balance</b>	\$ -	1,407,260	\$ 1,407,260	(40,610)
<b>Fund Balances</b>				
Beginning of year		2,394,264		2,434,874
End of year		\$ 3,801,524		\$ 2,394,264

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****LAW ENFORCEMENT SPECIAL SEPARATION ALLOWANCE (NON-TRUST)**

(sub fund of the General Fund)

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL***YEAR ENDED JUNE 30, 2025**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)*

	<b>2025</b>			<b>2024</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>
<b>Revenues:</b>				
<b>Miscellaneous:</b>				
Miscellaneous revenue	\$ -	\$ 25,000	\$ 25,000	\$ 25,000
Investment earnings	-	10,841	10,841	9,044
<b>Total revenues</b>	-	35,841	35,841	34,044
<b>Expenditures:</b>				
<b>Total expenditures</b>	-	-	-	-
<b>Revenues over expenditures</b>	-	35,841	35,841	34,044
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>35,841</u>	<u>\$ 35,841</u>	34,044
<b>Fund balances</b>				
Beginning of year		411,001		376,957
End of year		<u>\$ 446,842</u>		<u>\$ 411,001</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**

PAYGO (sub fund of the General Fund)

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL***FROM INCEPTION AND YEAR ENDED JUNE 30, 2025*

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Investment earnings	\$ -	\$ 2,752	\$ -	\$ -	\$ 2,752
Restricted Intergovernmental	190,588	190,588	-	-	190,588
Miscellaneous revenues	29,999	29,999	-	-	29,999
Total revenues	220,587	223,339	-	-	223,339
Expenditures:					
Downtown development Incentive	160,694	25,000	-	-	25,000
Public facility projects	2,499,619	324,680	364,405	-	689,085
Town projects	3,467,989	2,301,408	241,720	-	2,543,128
Streets and sidewalk projects	1,478,000	221,353	22,892	-	244,245
Vehicle and equipment	381,000	232,796	104,743	-	337,539
ADA Transition	455,000	75,119	46,029	-	121,148
Parks and recreation projects	1,158,248	467,676	124,032	-	591,708
Public works projects	125,000	39,210	2,188	-	41,398
Total expenditures	9,725,550	3,687,242	906,008	-	4,593,250
Revenues under expenditures	(9,504,963)	(3,463,903)	(906,008)	-	(4,369,911)
Other financing sources (uses):					
Issuance of subscription liability	65,258	65,258	-	-	65,258
Issuance of lease liability	126,956	126,956	-	-	126,956
Transfers in	11,412,749	8,427,257	2,404,726	-	10,831,983
Transfers out	(2,100,000)	(2,361,846)	(100,000)	-	(2,461,846)
Total other financing sources (uses)	9,504,963	6,257,625	2,304,726	-	8,562,351
Net change in fund balance	\$ -	\$ 2,793,722	1,398,718	\$ -	\$ 4,192,440
Fund balances:					
Beginning of year			2,793,722		
End of year			\$ 4,192,440		

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## DEBT SERVICE FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUND

YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	2025			2024
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
Ad valorem taxes:				
Current year taxes	\$ 15,112,699	\$ 15,351,748	\$ 239,049	\$ 9,421,501
Prior years taxes	2,000	6,898	4,898	6,035
Penalties and interest	2,500	18,156	15,656	7,023
Deferred taxes	-	1,554	1,554	4,235
Vehicle taxes	879,845	949,928	70,083	837,817
Total	15,997,044	16,328,284	331,240	10,276,611
Miscellaneous revenue	-	100,000	100,000	-
Investment earnings	197,000	529,519	332,519	321,281
<b>Total revenues</b>	16,194,044	16,957,803	763,759	10,597,892
<b>Expenditures:</b>				
Operating expenditures	145,000	134,529	10,471	266,668
Debt service:				
Bond principal	4,122,209	4,122,208	1	3,029,538
Bond interest	4,152,387	3,302,009	850,378	2,599,408
Installment note principal	1,792,185	1,688,180	104,005	3,516,891
Installment note interest	125,341	109,125	16,216	124,537
Total debt service	10,192,122	9,221,522	970,600	9,270,374
<b>Total expenditures</b>	10,337,122	9,356,051	981,071	9,537,042
<b>Revenues over expenditures</b>	5,856,922	7,601,752	1,744,830	1,060,850
<b>Other financing sources (uses):</b>				
Transfers in	140,000	140,000	-	612,106
Appropriated fund balance	(5,996,922)	-	5,996,922	-
<b>Total other financing sources (uses)</b>	(5,856,922)	140,000	5,996,922	612,106
<b>Net change in fund balance</b>	\$ -	7,741,752	\$ 7,741,752	1,672,956
<b>Fund balance - Beginning of year</b>		13,565,419		11,892,463
<b>Fund balance - End of year</b>		\$ 21,307,171		\$ 13,565,419

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STREET & SIDEWALK PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025*

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Restricted intergovernmental:					
Federal Grant	\$ 409,413	\$ -	\$ 409,413	\$ -	\$ 409,413
State Grant	26,762,598	5,392,065	1,169,319	-	6,561,384
Investment earnings	180,630	1,097,024	446,557	-	1,543,581
Developer fees	293,384	293,384	53,019	-	346,403
Total revenues	27,646,025	6,782,473	2,078,308	-	8,860,781
Expenditures:					
Avent Ferry signal at Holly Meadows	750,884	220,950	417,672	-	638,621
Hwy 55 right turn lane - AF/S Main	3,000,000	257,683	680,069	-	937,752
Avent Ferry Road widening phase 1	3,535,357	3,171,860	37,979	-	3,209,839
Avent Ferry Road realignment	1,515,260	879,249	2,883	-	882,132
Avent Ferry Road - phase 2	10,616,000	91,628	120	-	91,748
Main Street eastbound right turn lane	2,115,000	420,927	317,981	-	738,908
Holly Springs Road widening - central	20,326,750	801,777	272,287	-	1,074,064
Holly Springs Road widening - east	35,349,413	23,777,817	6,854,521	-	30,632,338
Holly Springs Road widening - west	3,000,000	-	-	-	-
Green Oaks Parkway/New Hill signal	373,000	314,600	-	-	314,600
New Hill sidewalk	295,480	59,927	-	-	59,927
Signal sync - NCDOT fiber network	339,102	305,986	-	-	305,986
Smart city intelligent traffic system	775,000	706,176	38,077	-	744,253
Main Street sidewalk connector	825,000	139,474	41,771	-	181,245
Old Holly Springs-New Hill (Green Oaks Tech)	1,700,000	1,079,103	326,821	-	1,405,923
Street projects - to be determined - bond	108,453	-	-	-	-
NC55/Teal Lake	350,000	-	350,000	-	350,000
Festival Street	500,000	-	-	-	-
New Hill US1 - New Hill and US 1 bridge	250,000	-	-	-	-
Total expenditures	85,724,699	32,227,156	9,340,180	-	41,567,336
		-			
Revenues under expenditures	(58,078,674)	(25,444,683)	(7,261,872)	-	(32,706,555)
Other financing sources (uses):					
General obligation bonds	28,833,000	22,000,000	18,000,000	-	40,000,000
General obligation bonds-authorized and unissued	11,167,000	-	-	-	-
General obligation bonds - premium	4,938,587	3,238,587	1,774,035	-	5,012,622
Transfers in	13,140,087	11,796,087	659,413	-	12,455,500
Transfers out	-	-	(409,413)	-	(409,413)
Total financing sources (uses)	58,078,674	37,034,674	20,024,035	-	57,058,709
Net change in fund balance	\$ -	\$ 11,589,991	12,762,163	\$ -	\$ 24,352,154
Fund balances:					
Beginning of year			11,589,991		
End of year			\$ 24,352,154		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STREET RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025*

			Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date	
Revenues:						
Payments in lieu	\$ 1,841,735	\$ 1,841,736	\$ -	\$ -	\$ 1,841,736	
Investment earnings	130,620	158,945	48,668	-	207,613	
Miscellaneous	42,052	42,053	-	-	42,053	
Total revenues	2,014,407	2,042,734	48,668	-	2,091,402	
Other financing sources (uses):						
Transfers in	7,559,453	7,559,452	-	-	7,559,452	
Transfers out	(9,573,860)	(6,945,000)	(2,455,360)	-	(9,400,360)	
Total financing sources (uses)	(2,014,407)	614,452	(2,455,360)	-	(1,840,908)	
Net change in fund balance	\$ -	\$ 2,657,186	(2,406,692)	\$ -	\$ 250,494	
Fund balances:						
Beginning of year			2,657,186			
End of year			\$ 250,494			

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**
**PARKS AND RECREATION PROJECTS FUND**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

			Actual		
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
<b>Revenues:</b>					
Investment earnings	\$ 440,000	\$ 303,630	\$ 631,166	\$ -	\$ 934,796
Restricted intergovernmental:					
State grants	754,340	1,043,011	231,011	-	1,274,022
Federal grants	3,638,000	400,000	-	-	400,000
County grant	2,300,000	-	-	-	-
Miscellaneous	41,200	-	12,000	-	12,000
Total revenues	7,173,540	1,746,641	874,177	-	2,620,818
<b>Expenditures:</b>					
Arbor Creek Greenway - Phase 2	7,257,428	5,915,130	1,489,267	-	7,404,397
Bass Lake Dam Phase 3 Spillway	1,300,000	84,430	410,943	-	495,373
Bass Lake Hurricane Repairs	2,009,793	-	-	-	-
Boardwalk and Bridge Replacement	178,200	167,210	-	-	167,210
Cultural Center Theater Seats	275,000	-	76,721	-	76,721
Eagles Landing Park	110,042,000	6,272,996	8,300,927	-	14,573,923
Hunt Center Community Room Renovations	-	-	-	-	-
Hunt Center Front Lobby Renovations	346,864	40,716	289,883	-	330,599
Hunt Center Community Room Renovations	67,275	67,274	-	-	67,274
Mims Parks Trail and Signage	150,000	71,040	-	-	71,040
Run Club Park Improvements	-	-	-	-	-
Priority Greenway Connections	1,550,000	207,493	131,782	-	339,275
Run Club Park Improvements	20,988	17,541	3,447	-	20,988
Sugg Farm Amenities	825,000	-	293,807	-	293,807
Sugg Farm Pavillion	1,650,000	-	-	-	-
Sugg Farm Road Paving	235,361	235,362	-	-	235,362
Sugg Farm Administration	189,591	-	-	-	-
Sugg Farm Restroom/Dog Park	838,500	-	-	-	-
Sugg Farm Maintenance Barn	35,037	-	-	-	-
Ting Stadium Drainage Repairs	334,000	333,109	91	-	333,200
Ting Field Soccer Field Turf Replacement	1,287,104	-	817,300	-	817,300
Utle Creek Greenway- Phase 1	2,303,081	1,690,049	-	-	1,690,049
Utle Creek Greenway- Phase 2	4,599,602	425,679	63,310	-	488,989
Wake County Rex ILA	198,433	-	-	-	-
Womble Turf Replacement	1,400,000	1,310,297	-	-	1,310,297
Womble Basketball Courts	900,000	-	-	-	-
Womble Dugouts	175,000	-	1,095	-	1,095
Total expenditures	138,168,257	16,838,326	11,878,573	-	28,716,900
Revenues under expenditures	(130,994,717)	(15,091,685)	(11,004,396)	-	(26,096,082)
<b>Other financing sources:</b>					
General obligation bond proceeds	104,500,000	8,000,000	50,000,000	-	58,000,000
Premium on general obligation bonds	9,037,668	1,177,668	4,927,875	-	6,105,543
Transfers In	17,457,049	11,782,114	2,787,104	-	14,569,218
Total other financing sources	130,994,717	20,959,782	57,714,979	-	78,674,761
Net change in fund balance	\$ -	\$ 5,868,097	\$ 46,710,583	\$ -	\$ 52,578,679
<b>Fund balances:</b>					
Beginning of year			5,868,097		
End of year			<u>\$ 52,578,679</u>		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**PARK & RECREATION RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025*

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Payments in lieu	\$ 5,481,000	\$ 6,888,912	\$ 1,867,033	\$ -	\$ 8,755,945
Investment earnings	82,774	133,966	69,740	-	203,706
Restricted grant	-	31,122	-	-	31,122
Unrestricted contribution	1,866,225	1,835,103	-	-	1,835,103
Total revenues	7,429,999	8,889,103	1,936,773	-	10,825,876
Other financing sources (uses):					
Transfers in	9,101,958	9,101,880	5,401	-	9,107,281
Transfers out	(16,531,957)	(16,314,050)	-	-	(16,314,050)
Total financing sources (uses)	(7,429,999)	(7,212,170)	5,401	-	(7,206,769)
Net change in fund balance	\$ -	\$ 1,676,933	1,942,174	\$ -	\$ 3,619,107
Fund balances:					
Beginning of year			1,676,933		
End of year			\$ 3,619,107		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**TOWN BUILDING PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025*

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>
<b>Revenues:</b>				
Investment earnings	\$ 910,471	\$ 733,663	\$ 1,041,981	\$ 1,775,644
Restricted intergovernmental:				
State grants	2,900,000	2,542,783	311,350	2,854,133
Wake County allocation	-	-	89,748	89,748
Miscellaneous revenues	313,636	313,635	7,121	320,756
Total revenues	<u>4,124,107</u>	<u>3,590,081</u>	<u>1,450,200</u>	<u>5,040,281</u>
<b>Expenditures:</b>				
Operations center complex	24,273,740	6,214,409	5,989,776	12,204,185
Fire station #3	13,042,374	6,935,742	5,333,636	12,269,378
Fire station #4	2,050,000	-	-	-
Fire truck replacements	4,182,419	9,922	-	9,922
Town hall lobby renovations	431,693	431,347	-	431,347
911 center upgrades	436,628	-	354,133	354,133
Total expenditures	<u>44,416,854</u>	<u>13,591,420</u>	<u>11,677,545</u>	<u>25,268,965</u>
Revenues under expenditures	<u>(40,292,747)</u>	<u>(10,001,339)</u>	<u>(10,227,345)</u>	<u>(20,228,684)</u>
<b>Other financing sources (uses):</b>				
Limited obligation bond proceeds	34,310,920	12,870,920	18,590,000	31,460,920
Premium on limited obligation bonds issued	2,997,696	1,174,405	2,542,858	3,717,263
Installment financing issued	1,300,000	-	-	-
Transfers in	1,684,131	2,527,149	(843,017)	1,684,132
Transfers out	-	-	(478,742)	(478,742)
Total other financing sources	<u>40,292,747</u>	<u>16,572,474</u>	<u>19,811,099</u>	<u>36,383,573</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,571,135</u>	<u>9,583,754</u>	<u>\$ 16,154,889</u>
<b>Fund balances:</b>				
Beginning of year			6,571,135	
End of year			<u>\$ 16,154,889</u>	

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

*JUNE 30, 2025*

	<b>Special Revenue Funds</b>		<b>Total Nonmajor Governmental Funds</b>
	<b>Emergency Telephone System</b>	<b>Grants &amp; Special Revenue</b>	
<b>ASSETS</b>			
Cash and investments	\$ 212,711	\$ 1,071,772	\$ 1,284,483
Due from other governments	-	2,495	2,495
Other receivable	450	-	450
Total assets	<u>\$ 213,161</u>	<u>\$ 1,074,267</u>	<u>\$ 1,287,428</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 851	\$ 851
Unearned revenue	-	110,135	110,135
Total liabilities	<u>-</u>	<u>110,986</u>	<u>110,986</u>
<b>FUND BALANCES</b>			
<b>Nonspendable:</b>			
<b>Restricted:</b>			
Economic development	-	40,977	40,977
Public safety	213,161	197,746	410,907
Parks and recreation	-	32,817	32,817
Inspections HB 255	-	691,741	691,741
<b>Unassigned</b>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>213,161</u>	<u>963,281</u>	<u>1,176,442</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 213,161</u>	<u>\$ 1,074,267</u>	<u>\$ 1,287,428</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2025

	<b>Special Revenue Funds</b>		<b>Total Nonmajor Governmental Funds</b>
	<b>Emergency Telephone System</b>	<b>Grants &amp; Special Revenue</b>	
<b>REVENUES</b>			
Restricted intergovernmental	\$ -	\$ 149,999	\$ 149,999
Investment earnings	8,228	33,838	42,066
Miscellaneous	-	4,200	4,200
Total revenues	8,228	188,037	196,265
<b>EXPENDITURES</b>			
Current:			
General government	-	175,000	175,000
Public safety	178,675	117,340	296,015
Culture and recreational	-	25,741	25,741
Public Works	-	1,900	1,900
Capital outlay	340,822	63,023	403,845
Total expenditures	519,497	383,004	902,501
Excess (deficiency) of revenues over expenditures	(511,269)	(194,967)	(706,236)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	400,967	25,000	425,967
Transfers to other funds	-	(652,588)	(652,588)
Total other financing sources (uses)	400,967	(627,588)	(226,621)
Net change in fund balances	(110,302)	(822,555)	(932,857)
Fund balances - beginning	323,463	1,785,836	2,109,299
Fund balances - ending	\$ 213,161	\$ 963,281	\$ 1,176,442

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**EMERGENCY TELEPHONE SYSTEM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	2025			2024
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Restricted intergovernmental:</b>				
911 Subscriber Fees	\$ 53,334	\$ -	\$ (53,334)	\$ -
Total	53,334	-	(53,334)	-
<b>Investment earnings</b>	-	8,228	8,228	8,861
<b>Total revenues</b>	53,334	8,228	(45,106)	8,861
<b>Expenditures:</b>				
<b>911 expenditures:</b>				
Utilities telephone	89,000	75,967	13,033	40,485
Maintenance and repair	156,216	101,733	54,483	139,069
Training	1,000	975	25	30
Capital outlay	400,967	340,822	60,145	-
<b>Total expenditures</b>	647,183	519,497	127,686	179,584
<b>Revenues under expenditures</b>	(593,849)	(511,269)	82,580	(170,723)
<b>Other financing sources (uses):</b>				
Transfers in:				
General Fund	-	-	-	1,249
Town Building Projects Fund	400,967	400,967	-	-
Transfers out:				
Town Building Projects Fund	-	-	-	(400,967)
Appropriated fund balance	192,882	-	(192,882)	-
<b>Total other financing sources (uses)</b>	593,849	400,967	(192,882)	(399,718)
<b>Net change in fund balance</b>	\$ -	(110,302)	\$ (110,302)	(570,441)
<b>Fund balance - Beginning of year</b>		323,463		893,904
<b>Fund balance - End of year</b>		\$ 213,161		\$ 323,463

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**GRANTS & SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Project Closeout	Total to Date
<b>Revenues:</b>					
Restricted intergovernmental	\$ 2,516,094	\$ 299,854	\$ 149,999	\$ -	\$ 449,853
Investment earnings	3,027	74,407	33,838	-	108,245
Miscellaneous revenue	462,648	357,789	4,200	-	361,989
Total revenues	2,981,769	732,050	188,037	-	920,087
<b>Expenditures:</b>					
911 Board Radios	29,231	-	29,166	-	29,166
Asset Forfeiture	186,921	79,071	-	-	79,071
Body Worn Cameras	120,000	-	83,641	-	83,641
Community Waste Reduction and Recycling	12,500	3,744	1,900	-	5,644
Downtown Development	11,891	-	-	-	-
EECBG Implementation	76,320	-	63,023	-	63,023
Electric Charging Station	37,800	35,927	-	-	35,927
Fire Department Fit Test Machine	5,000	4,811	-	-	4,811
Fujifilm Diosynth Biotechnologies-One NC	2,000,000	-	-	-	-
Governor's Highway Safety Program	25,000	23,433	-	-	23,433
Inspections - HB 255	40,200	78,426	-	-	78,426
K9 and Equipment	20,500	10,000	-	-	10,000
Micro Transit Study	25,000	-	8,504	-	8,504
NC Biotechnology Center's Partnership	375,000	100,000	175,000	-	275,000
Police CALEA Specialist	49,992	13,486	4,530	-	18,016
Police Department - Other	10,751	-	-	-	-
Sense of Play	29,963	80	-	-	80
SNAP	48,351	17,569	10,955	-	28,524
Unauthorized Substances Tax	10,186	-	-	-	-
United Arts Council	17,669	12,340	4,200	-	16,540
Youth Sports Equipment	8,000	-	2,085	-	2,085
Total expenditures	3,140,275	378,887	383,004	-	761,891
Revenues over (under) expenditures	(158,506)	353,163	(194,967)	-	158,196
<b>Other financing sources (uses):</b>					
Transfers In	2,934,347	2,909,345	25,000	-	2,934,345
Transfers out	(2,775,841)	(1,476,672)	(652,588)	-	(2,129,260)
Total other financing sources (uses)	158,506	1,432,673	(627,588)	-	805,085
Net change in fund balance	\$ -	\$ 1,785,836	(822,555)	\$ -	\$ 963,281
<b>Fund balances:</b>					
Beginning of Year			1,785,836		
End of Year			\$ 963,281		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**UTILITY FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON - GAAP)**

YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	2025			2024
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Operating revenues:</b>				
Charges for services				
Water sales	\$ 13,558,734	\$ 13,018,110	\$ (540,624)	\$ 13,124,304
Sewer charges	11,557,461	11,747,955	190,494	9,713,680
Water and sewer tap fees	150,000	83,470	(66,530)	163,890
Total charges for services	25,266,195	24,849,535	(416,660)	23,001,875
<b>Operating operating revenues:</b>				
Returned check charges	1,500	5,935	4,435	3,675
Water inspection fees	60,000	6,975	(53,025)	46,622
Sewer inspection fees	80,000	-	(80,000)	65,481
Reclaimed inspection fees	10,000	13,712	3,712	-
Development permits	50,000	71,235	21,235	67,101
Water meter fees	250,000	155,350	(94,650)	251,060
Service charge meter deposits	4,000	6,405	2,405	6,080
Reconnect fees	60,000	56,105	(3,895)	82,775
Lab testing fees	73,000	82,570	9,570	43,094
Late fees	200,000	193,070	(6,930)	211,645
Lease revenue	-	11,076	11,076	12,470
Miscellaneous	61,000	20,103	(40,897)	505
Total other operating revenues	849,500	622,536	(226,964)	790,508
Total operating revenues	26,115,695	25,472,071	(643,624)	23,792,382
<b>Nonoperating revenues:</b>				
Investment earnings	150,000	466,259	316,259	273,981
Sale of assets	-	49,439	49,439	23,552
Total nonoperating revenues	150,000	515,698	365,698	297,533
Total revenues	26,265,695	25,987,768	(277,927)	24,089,915
<b>Expenditures:</b>				
Salaries and employee benefits	9,375,100	8,080,079	1,295,021	7,712,720
Water purchases for resale	3,726,000	3,577,317	148,683	3,523,231
Professional services	1,152,440	670,456	481,984	458,280
Repairs and maintenance	843,914	772,942	70,972	670,259
Other operating expenditures	6,012,436	5,176,112	836,324	5,573,497
Total utility operations	21,109,890	18,276,906	2,832,984	17,937,987
Capital outlay	931,382	679,193	252,189	957,701
Total expenditures	22,041,272	18,956,099	3,085,173	18,895,688
Revenues over expenditures	4,224,423	7,031,669	2,807,246	5,194,227

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**UTILITY FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON - GAAP)**

YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	2025		2024
	Budget	Actual	Variance Positive (Negative) Actual
<b>Other financing sources (uses):</b>			
Transfer to other funds	(6,584,485)	(6,584,485)	- (3,078,279)
Installment financing issued	568,441	568,439	(2) 1,325,000
Issuance of lease liability	10,868	10,867	(1)
Appropriated fund balance	1,780,753	-	(1,780,753) -
Total other financing sources (uses)	(4,224,423)	(6,005,179)	(1,780,756) (1,753,279)
Revenues and other financing sources over expenditures and other financing uses	\$ -	1,026,490	\$ 1,026,490 3,440,948
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Depreciation and amortization		(5,315,617)	(4,908,257)
Right of use lease SBITA amortization		(19,552)	(22,068)
Capital outlay		29,065,896	13,315,748
Capital contributions		6,164,850	8,875,157
Debt issuance		(93,176,056)	(1,325,000)
Principal retirement		3,474,350	3,342,837
Change in accrued interest payable - leases		(3,479)	51,327
Bond premium amortization		73,742	73,742
Decrease in deferred inflows - grants		(540,223)	(49,683)
Change in accrued interest payable		(629,520)	18,470
Increase in compensated absences		(509,509)	(27,825)
Increase in pension obligation		(77,088)	(955,232)
Decrease in deferred inflows - pension		(24,596)	8,224
Increase in deferred outflows - pension		(458,827)	354,480
Increase in deferred outflows of resources for contributions made to pension plan in current fiscal year		131,951	80,149
Decrease in OPEB obligation		(17,975)	23,109
Increase deferred inflows of resources - OPEB		15,923	(125,104)
Increase deferred outflows of resources - OPEB		10,754	17,111
Total reconciling items		(61,834,976)	18,747,185
Net income - Utility Fund		(60,808,486)	22,188,133
Other Utility Funds:			
Utility Debt Service Fund - net income		3,067,804	99,950
Utility PayGo Fund - net income		1,853,460	635,999
Capital project funds:			
Utility Reserve Fund - net income (loss)		(1,038,534)	(846,208)
Water Project Fund - net income (loss)		83,902,285	(6,800,190)
Waste Water Projects Fund - net income (loss)		(6,797,847)	(2,013,539)
Net income - GAAP		\$ 20,178,682	\$ 13,264,145

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****DEBT SERVICE FUND - UTILITY****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2025

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	<b>2025</b>			<b>2024</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>
<b>Revenues:</b>				
Other revenues:				
Investment earnings	\$ 70,457	\$ 135,005	\$ 64,548	\$ 134,418
<b>Total revenues</b>	<u>70,457</u>	<u>135,005</u>	<u>64,548</u>	<u>134,418</u>
<b>Expenditures:</b>				
Debt service:				
Bond principal	2,169,727	2,169,726	1	2,103,237
Bond interest	3,241,299	3,240,551	748	442,471
Installment note principal	1,304,626	1,304,624	2	1,239,602
Installment note interest	164,150	164,149	1	178,235
Total debt service	<u>6,879,802</u>	<u>6,879,050</u>	<u>752</u>	<u>3,963,545</u>
<b>Total expenditures</b>	<u>6,879,802</u>	<u>6,879,050</u>	<u>752</u>	<u>3,963,545</u>
<b>Revenues under expenditures</b>	<u>(6,809,345)</u>	<u>(6,744,045)</u>	<u>65,300</u>	<u>(3,829,127)</u>
<b>Other financing sources:</b>				
Transfers in	4,548,345	4,548,345	-	3,929,077
Revenue bond proceeds	2,261,000	5,263,504	3,002,504	-
<b>Total other financing sources</b>	<u>6,809,345</u>	<u>9,811,849</u>	<u>3,002,504</u>	<u>3,929,077</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>3,067,804</u>	<u>\$ 3,067,804</u>	<u>99,950</u>
<b>Fund Balance - Beginning of year</b>		<u>6,785,779</u>		<u>6,685,829</u>
<b>Fund Balance - End of year</b>		<u>\$ 9,853,583</u>		<u>\$ 6,785,779</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**UTILITY RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025*

	Actual				
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
<b>Revenues:</b>					
Investment earnings	\$ 26,000	\$ 109,530	\$ 41,375	\$ -	\$ 150,905
Capacity replacement fees	2,800,000	-	-	-	-
Miscellaneous	4,000	-	-	-	-
Total revenues	2,830,000	109,530	41,375	-	150,905
<b>Other financing sources (uses):</b>					
Transfers in	170,000	2,672,709	-	-	2,672,709
Transfers out	(3,000,000)	(903,309)	(1,079,909)	-	(1,983,218)
Total other financing sources (uses)	(2,830,000)	1,769,400	(1,079,909)	-	689,491
Net change in fund balance	\$ -	\$ 1,878,930	(1,038,534)	\$ -	\$ 840,396
Net position - Beginning of year			1,878,930		
Net position - End of year			\$ 840,396		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**

**WATER PROJECTS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL**

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025*

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Investment earnings	\$ 873,021	\$ 264,622	\$ 3,544,920	\$ -	\$ 3,809,542
State grants	36,627,457	7,805,821	313,056	-	8,118,877
Federal grants	5,500,000	5,500,000	4,006,929	-	9,506,929
Miscellaneous	9,927,030	5,005,204	3,870,347	-	8,875,551
Total revenues	52,927,508	18,575,647	11,735,252	-	30,310,899
Expenditures:					
Sanford Water Capacity and Linework	81,797,000	2,347,832	5,508,484	-	7,856,316
Operations Center Complex	24,273,740	-	12,204,184	-	12,204,184
SCADA Cyber Security	45,531	11,234	-	-	11,234
Wastewater Asset Inventory AIA	200,000	22,236	157,881	-	180,117
Water Asset Inventory AIA	200,000	23,585	143,941	-	167,526
Harnett County Booster Station Upgrade	200,000	72,691	-	-	72,691
Avent Ferry Road Realignment Waterline	250,000	-	-	-	-
Friendship Utilities	30,000,000	29,288,664	-	-	29,288,664
Fuquay Water Line Conveyance	57,166,982	2,037,297	749,181	-	2,786,478
NC 540 Utility Relocation	739,750	-	-	-	-
NW Water and Reclaim Connection	8,000,000	-	-	-	-
Reclaimed Water Storage Tank	200,000	-	-	-	-
Harnett County Booster Station Upgrade	28,550,000	-	-	-	-
GB Alford Bypass Water Connection	1,100,000	-	-	-	-
Elevated Tank on New Hill Road	2,500,000	-	-	-	-
Total expenditures	235,223,003	33,803,539	18,763,670	-	52,567,209
Revenues under expenditures	(182,295,495)	(15,227,892)	(7,028,418)	-	(22,256,310)
Other financing sources (uses):					
Revenue bond proceeds	128,718,478	-	61,601,496	-	61,601,496
Premium on revenue bonds issued	3,800,557	-	3,800,557	-	3,800,557
Limited obligation bond proceeds	19,915,000	-	18,590,000	-	18,590,000
Premium on limited obligation bonds issued	2,766,690	-	2,542,858	-	2,542,858
Transfers in	27,094,770	28,049,845	4,395,792	-	32,445,637
Transfers out	-	(5,499,999)	-	-	(5,499,999)
Total other financing sources	182,295,495	22,549,846	90,930,703	-	113,480,549
Change in net position	\$ -	\$ 7,321,954	83,902,285	\$ -	\$ 91,224,239
Net position - Beginning of year			7,321,954		
Net position - End of year			\$ 91,224,239		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**WASTEWATER PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 133,692	\$ 21,897	\$ -	\$ 155,589
State grant	4,000,000	277,393	148,896	-	426,289
Federal grant	8,550,587	6,819,762	1,730,825	-	8,550,587
Miscellaneous revenues	-	25,431	-	-	25,431
Total revenues	12,550,587	7,256,278	1,901,617	-	9,157,895
<b>Expenditures:</b>					
Oakview Outfall (Holly Springs Business pump station)	759,309	606,725	146,584	-	753,309
Basal Creek pump station upgrade - Lowe IRA	882,330	882,330	-	-	882,330
Twelve Oaks pump station - phase 2	3,500,000	1,317,644	-	-	1,317,644
Bass Lake pump station - phase 2	394,000	158,944	36,480	-	195,424
Business Park pump station - Fujifilm	7,800,000	176,668	249,621	-	426,289
Holly Springs Road phase 2 - forcemain upsize	2,700,587	1,588,344	674,045	-	2,262,389
Sunset Ridge and Bass Lake grinder	200,000	-	-	-	-
UCWRF dewatering centrifuge	809,202	-	-	-	-
UCWRF 8 MGD upgrade	294,183,200	1,933,225	8,701,936	-	10,635,161
Total expenditures	311,228,628	6,663,880	9,808,666	-	16,472,546
Revenues under (over) expenditures	(298,678,041)	592,398	(7,907,049)	-	(7,314,651)
<b>Other financing sources (uses):</b>					
Installment note issuance	809,202	185,951	809,202	-	995,153
Revenue bond proceeds	290,183,200	-	-	-	-
Transfers in	7,685,639	12,288,026	762,244	-	13,050,270
Transfers out	-	(5,088,343)	(462,244)	-	(5,550,587)
Total other financing sources (uses)	298,678,041	7,385,634	1,109,202	-	8,494,836
Change in net position	\$ -	\$ 7,978,032	(6,797,847)	-	\$ 1,180,185
Net position - Beginning of year			7,978,032		
Net position - End of year			\$ 1,180,185		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**UTILITY PAYGO FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025*

	Actual				
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
<b>Revenues:</b>					
Nonoperating revenues:					
Insurance proceeds	\$ -	\$ -	\$ 205,654	\$ -	\$ 205,654
Private grant	500,000	-	500,000	-	500,000
Total revenues	500,000	-	705,654	-	705,654
<b>Expenses:</b>					
Operating	380,000	570,918	683,258	-	1,254,176
Professional services	4,752,500	31,305	797,181	-	828,486
Capital outlay	4,087,679	408,539	583,234	-	991,773
Total expenses	9,220,179	1,010,762	2,063,673	-	3,074,435
<b>Other financing sources (uses):</b>					
Transfers in	8,720,179	3,090,200	3,211,479	-	6,301,679
Total other financing sources (uses)	8,720,179	3,090,200	3,211,479	-	6,301,679
Change in net position	\$ -	\$ 2,079,438	1,853,460	\$ -	\$ 3,932,898
<b>Net position - Beginning of year</b>			2,079,438		
<b>Net position - End of year</b>			\$ 3,932,898		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**SYSTEM DEVELOPMENT FEE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025*

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Closed Projects</b>	<b>Total to Date</b>
<b>Revenues:</b>					
System Development Fees	\$ 40,620,551	\$ 24,908,779	\$ 6,936,493	\$ -	\$ 31,845,272
Investment earnings	558,880	612,363	594,059	-	1,206,422
Total revenues	<u>41,179,431</u>	<u>25,521,142</u>	<u>7,530,552</u>	<u>-</u>	<u>33,051,694</u>
<b>Other financing uses:</b>					
Transfers out	<u>(41,179,431)</u>	<u>(6,738,711)</u>	<u>(2,310,790)</u>	<u>-</u>	<u>(9,049,501)</u>
Total other financing uses	<u>(41,179,431)</u>	<u>(6,738,711)</u>	<u>(2,310,790)</u>	<u>-</u>	<u>(9,049,501)</u>
Change in net position	<u>\$ -</u>	<u>\$ 18,782,431</u>	5,219,762	<u>\$ -</u>	<u>\$ 24,002,193</u>
<b>Net position - Beginning of year</b>			18,782,431		
<b>Net position - End of year</b>			<u>\$ 24,002,193</u>		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STORMWATER MANAGEMENT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON - GAAP)**

YEAR ENDED JUNE 30, 2025  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)

	2025		Variance	2024
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Operating revenues:</b>				
Charges for services				
Development fees	\$ 180,000	\$ 162,457	\$ (17,543)	\$ 191,644
Stormwater - residential	1,022,124	989,634	(32,490)	968,863
Stormwater - non-residential	546,818	530,077	(16,741)	512,075
Total operating revenues	1,748,942	1,682,168	(66,774)	1,672,582
<b>Other operating revenues:</b>				
Miscellaneous revenue	20,000	-	(20,000)	-
Total other operating revenues	20,000	-	(20,000)	-
<b>Nonoperating revenues:</b>				
Investment earnings	24,920	134,534	109,614	129,373
Total nonoperating revenues	24,920	134,534	109,614	129,373
Total revenues	1,793,862	1,816,702	22,840	1,801,955
<b>Expenditures:</b>				
Salaries and employee benefits	1,544,084	1,392,649	151,435	1,318,902
Professional services	108,425	79,893	28,532	46,164
Other operating expenditures	313,135	179,783	133,352	217,231
Total stormwater operations	1,965,644	1,652,325	313,319	1,582,297
Capital outlay	62,731	45,966	16,765	556,269
Total expenditures	2,028,375	1,698,291	330,084	2,138,566
<b>Revenues over (under) expenditures</b>	(234,513)	118,411	352,924	(336,611)
<b>Other financing sources (uses):</b>				
Transfer to other funds	(4,000)	(4,000)	-	-
Appropriated fund balance	238,513	-	(238,513)	-
Total other financing sources (uses)	234,513	(4,000)	(238,513)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	114,411	\$ 114,411	(336,611)

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STORMWATER MANAGEMENT FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON - GAAP)**

*YEAR ENDED JUNE 30, 2025*  
*(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024)*

	<b>2025</b>		<b>2024</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative) Actual</b>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Depreciation and amortization		\$ (151,838)	\$ (67,322)
Capital outlay		45,966	556,269
Increase in compensated absences		(9,023)	(11,350)
Increase in pension obligation		(18,714)	(301,286)
Decrease (increase) in deferred inflows - pension		(4,296)	(492)
Increase in deferred outflows - pension		(76,826)	126,436
Increase in deferred outflows of resources for contributions made to pension plan in current fiscal year		23,713	40,641
Increase in OPEB obligation		(3,946)	(31,650)
Increase in deferred inflows of resources - OPEB		2,543	(25,691)
Increase (decrease) in deferred outflows of resources - OPEB		1,971	7,757
Total reconciling items		<u>(190,450)</u>	<u>293,312</u>
Net income (loss) - Stormwater Management Fund		(76,039)	(43,299)
Other Stormwater Funds:			
Capital project funds:			
Stormwater Reserve Fund		(289,196)	(579,796)
Stormwater Project Fund		112,724	486,480
Net income (loss) - GAAP		<u>\$ (252,511)</u>	<u>\$ (136,615)</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STORMWATER RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025*

	Actual				
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
<b>Revenues:</b>					
Development fees-in-lieu	\$ 244,362	\$ 244,363	\$ -	\$ -	\$ 244,363
Investment earnings	2,155	42,910	10,804	-	53,714
Total revenues	246,517	287,273	10,804	-	298,077
<b>Other financing sources (uses):</b>					
Transfers in	1,327,080	1,227,080	100,000	-	1,327,080
Transfers out	(1,573,597)	(1,000,000)	(400,000)	-	(1,400,000)
Total other financing sources (uses)	(246,517)	227,080	(300,000)	-	(72,920)
Net change in fund balance	\$ -	\$ 514,353	(289,196)	\$ -	\$ 225,157
Net position - Beginning of year			514,353		
Net position - End of year			\$ 225,157		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STORMWATER PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025*

			<b>Actual</b>		
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Closed Projects</b>	<b>Total to Date</b>
<b>Revenues:</b>					
Miscellaneous revenues	\$ 86,415	\$ 86,414	\$ -	\$ -	\$ 86,414
State grants	200,000	-	-	-	-
<b>Total revenues</b>	<b>286,415</b>	<b>86,414</b>	<b>-</b>	<b>-</b>	<b>86,414</b>
<b>Expenditures:</b>					
Middle Creek restoration	500,000	-	-	-	-
Stormwater asset plan	300,000	32,075	119,836	-	151,911
Stormwater repairs	300,000	81,445	67,440	-	148,885
<b>Total expenditures</b>	<b>1,100,000</b>	<b>113,520</b>	<b>187,276</b>	<b>-</b>	<b>300,796</b>
<b>Revenues under expenditures</b>	<b>(813,585)</b>	<b>(27,106)</b>	<b>(187,276)</b>	<b>-</b>	<b>(214,382)</b>
<b>Other financing sources (uses):</b>					
Transfers in	900,000	600,000	300,000	-	900,000
Transfers out	(86,415)	(86,414)	-	-	(86,414)
<b>Total other financing sources (uses)</b>	<b>813,585</b>	<b>513,586</b>	<b>300,000</b>	<b>-</b>	<b>813,586</b>
Net change in fund balance	<u>\$ -</u>	<u>\$ 486,480</u>	<u>112,724</u>	<u>\$ -</u>	<u>\$ 599,204</u>
Net position - Beginning of year			<u>486,480</u>		
Net position - End of year			<u>\$ 599,204</u>		

# OTHER SUPPLEMENTARY INFORMATION



Prepared by the Town of Holly Springs Finance Department

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE -**  
**GENERAL FUND AND DEBT SERVICE FUND**

*June 30, 2025*

Fiscal Year	Uncollected Balance June 30, 2024	Additions	Collections and Credits	Uncollected Balance June 30, 2025
2024-2025	\$ -	\$ 44,479,500	\$ (44,401,394)	\$ 78,106
2023-2024	58,204	-	(20,653)	37,551
2022-2023	37,515	-	(3,069)	34,446
2021-2022	31,142	-	(1,505)	29,637
2020-2021	28,862	-	(1,160)	27,702
2019-2020	22,896	-	(665)	22,231
2018-2019	18,191	-	(567)	17,624
2017-2018	13,446	-	(498)	12,948
2016-2017	8,806	-	(306)	8,500
2015-2016	19,286	-	(1,121)	18,165
2014-2015	371	-	(371)	-
	<u>\$ 238,719</u>	<u>\$ 44,479,500</u>	<u>\$ (44,431,309)</u>	<u>\$ 286,910</u>

Less: allowance for uncollectible accounts

General Fund (155,360)

Debt Service Fund (90,657)

Ad valorem taxes receivable-net \$ 40,893

Reconciliation to revenues:

Ad valorem taxes-General Fund \$ 28,138,301

Ad valorem taxes-Debt Service Fund 16,328,284

Reconciling items:

Releases allowed 5,936

Penalties and interest (54,245)

Other 12,662

Taxes written off 371

Total collections and credits \$ 44,431,309

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**ANALYSIS OF CURRENT TAX LEVY**  
**TOWN-WIDE LEVY**

*YEAR ENDED JUNE 30, 2025*

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 13,070,624,445	\$ 0.3435	\$ 44,897,595	\$ 42,156,060	\$ 2,741,535
Motor Vehicle Decals	-		10,200	10,200	-
Penalties	-		8,275	8,275	-
Total	13,070,624,445		44,916,070	42,174,535	2,741,535
Discoveries			49,391	49,391	-
Rebates and Releases	(141,473,362)	\$ 0.3435	(485,961)	(485,961)	-
Total Property Valuation	<u>\$ 12,929,151,083</u>				
Net levy			44,479,500	41,737,965	2,741,535
Uncollected taxes at June 30, 2025			(78,106)	(65,439)	(12,667)
Current year's taxes collected			<u>\$ 44,401,394</u>	<u>\$ 41,672,526</u>	<u>\$ 2,728,868</u>
Current levy collection percentage			<u>99.82%</u>	<u>99.84%</u>	<u>99.54%</u>



Prepared by the Town of Holly Springs Finance Department

# STATISTICAL SECTION

The statistical section presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Town's overall financial health.

## **Financial Trends**

These tables contain information to help the reader understand how the government's financial performance and well-being have changed over time.

## **Revenue Trends**

These tables contain information to help the reader assess the government's most significant local revenue source, the property tax.

## **Debt Capacity**

These tables present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

## **Demographic and Economic Information**

These tables offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

## **Operating Information**

These tables contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.



Prepared by the Town of Holly Springs Finance Department

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**NET POSITION BY COMPONENT**

*LAST TEN FISCAL YEARS*  
*(ACCRUAL BASIS OF ACCOUNTING)*

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Governmental Activities:										
Net investment in capital assets	\$ 78,395,657	\$ 91,210,179	\$ 98,782,429	\$ 108,464,520	\$ 110,427,452	\$ 97,753,459	\$ 107,206,055	\$ 108,573,159	\$ 148,342,614	\$ 165,699,888
Restricted	4,180,063	6,168,323	13,274,189	10,730,713	11,426,931	76,406,801	65,388,045	58,774,616	40,275,580	33,167,213
Unrestricted	17,265,812	12,685,845	7,158,567	13,901,463	12,639,854	(16,283,960)	(10,433,541)	13,333,205	11,648,624	22,982,241
Total Governmental Activities Net Position	<u>\$ 99,841,532</u>	<u>\$ 110,064,347</u>	<u>\$ 119,215,185</u>	<u>\$ 133,096,696</u>	<u>\$ 134,494,237</u>	<u>\$ 157,876,300</u>	<u>\$ 162,160,559</u>	<u>\$ 180,680,980</u>	<u>\$ 200,266,818</u>	<u>\$ 221,849,342</u>
Business-Type Activities:										
Net investment in capital assets	\$ 59,220,434	\$ 65,738,531	\$ 73,242,756	\$ 78,148,397	\$ 84,123,220	\$ 90,407,264	\$ 102,518,596	\$ 125,172,975	\$ 143,352,599	\$ 163,776,280
Restricted	-	-	-	-	-	-	6,901,683	5,593,755	-	-
Unrestricted	34,354,678	37,496,223	41,938,601	44,449,843	44,942,237	52,680,770	58,700,433	56,162,287	60,552,339	64,716,625
Total Business-Type Activities net position	<u>\$ 93,575,112</u>	<u>\$ 103,234,754</u>	<u>\$ 115,181,357</u>	<u>\$ 122,598,240</u>	<u>\$ 129,065,457</u>	<u>\$ 143,088,034</u>	<u>\$ 168,120,712</u>	<u>\$ 186,929,017</u>	<u>\$ 203,904,938</u>	<u>\$ 228,492,905</u>
Primary Government:										
Net investment in capital assets	\$ 137,616,091	\$ 156,948,710	\$ 172,025,185	\$ 186,612,917	\$ 194,550,672	\$ 188,160,723	\$ 209,724,651	\$ 233,746,134	\$ 291,695,213	\$ 329,476,168
Restricted	4,180,063	6,168,323	13,274,189	10,730,713	11,426,931	76,406,801	72,289,728	64,368,371	40,275,580	33,167,213
Unrestricted	51,620,490	50,182,068	49,097,168	58,351,306	57,582,091	36,396,810	48,266,892	69,495,492	72,200,963	87,698,866
Total Primary Government Net Position	<u>\$ 193,416,644</u>	<u>\$ 213,299,101</u>	<u>\$ 234,396,542</u>	<u>\$ 255,694,936</u>	<u>\$ 263,559,694</u>	<u>\$ 300,964,334</u>	<u>\$ 330,281,271</u>	<u>\$ 367,609,997</u>	<u>\$ 404,171,756</u>	<u>\$ 450,342,247</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**CHANGES IN NET POSITION**

*LAST TEN FISCAL YEARS*  
*(ACCRUAL BASIS OF ACCOUNTING)*

	2016	2017	2018	2019	2020
<b>Expenses:</b>					
Governmental Activities:					
General government	\$ 5,427,002	\$ 6,313,275	\$ 6,107,980	\$ 6,455,658	\$ 8,004,900
Public safety	9,375,298	9,819,225	10,912,664	11,890,328	15,348,729
Economic and physical development	2,717,471	3,050,354	3,540,240	3,900,880	4,592,068
Cultural and recreational	4,853,362	6,582,467	7,040,497	7,258,197	9,251,664
Public works	5,117,826	5,764,726	5,804,588	6,376,293	9,345,302
Interest on long-term debt	1,131,787	1,426,709	1,247,571	788,902	1,370,458
Total Governmental Activities Expenses	<u>28,622,746</u>	<u>32,956,756</u>	<u>34,653,540</u>	<u>36,670,258</u>	<u>47,913,121</u>
Business-Type Activities:					
Utility	\$ 12,525,209	\$ 13,769,219	\$ 13,929,928	\$ 17,255,535	\$ 19,707,996
Stormwater management	382,116	426,954	531,509	669,700	685,851
Total Business-Type Activities	<u>12,907,325</u>	<u>14,196,173</u>	<u>14,461,437</u>	<u>17,925,235</u>	<u>20,393,847</u>
Total Primary Government	<u>\$ 41,530,071</u>	<u>\$ 47,152,929</u>	<u>\$ 49,114,977</u>	<u>\$ 54,595,493</u>	<u>\$ 68,306,968</u>
<b>Program Revenues:</b>					
Governmental Activities:					
Charges for Services:					
General government	\$ 16,325	\$ 20,925	\$ 2,858,813	\$ 7,298,373	\$ 5,294,919
Public safety	3,935	649,785	853,789	792,717	845,475
Economic and physical development	979,236	1,082,787	-	-	-
Cultural and recreational	2,078,761	2,659,557	3,907,820	2,354,661	2,276,871
Public works	4,126,782	4,211,351	2,385,218	2,521,378	2,809,164
Operating grants and contributions	1,911,070	937,153	722,111	707,806	700,191
Capital grants and contributions	2,497,859	6,186,357	3,826,519	4,194,268	1,436,550
Total Governmental Activities Revenues	<u>11,613,968</u>	<u>15,747,915</u>	<u>14,554,270</u>	<u>17,869,203</u>	<u>13,363,170</u>
Business-Type Activities:					
Charges for Services:					
Utility	10,665,649	13,010,379	23,522,105	20,215,998	23,237,843
System development fee	-	-	-	-	-
Stormwater management	424,890	438,541	861,496	839,796	1,006,146
Operating grants and contributions	3,087,544	34,014	-	-	-
Capital grants and contributions	13,247,053	11,209,180	2,572,952	4,753,170	2,790,940
Total Business-Type Activities Program Revenues	<u>27,425,136</u>	<u>24,692,114</u>	<u>26,956,553</u>	<u>25,808,964</u>	<u>27,034,929</u>
Total Primary Government Program Revenues	<u>\$ 39,039,104</u>	<u>\$ 40,440,029</u>	<u>\$ 41,510,823</u>	<u>\$ 43,678,167</u>	<u>\$ 40,398,099</u>
Net (Expense) Revenue:					
Governmental activities	(17,008,778)	(17,208,841)	(20,099,270)	(18,801,055)	(34,549,954)
Business-type activities	14,517,811	10,495,941	12,495,116	7,883,729	6,641,082
Total Primary Government Net Expenses	<u>\$ (2,490,967)</u>	<u>\$ (6,712,900)</u>	<u>\$ (7,604,154)</u>	<u>\$ (10,917,326)</u>	<u>\$ (27,908,872)</u>
<b>General Revenue and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes:					
Property taxes, levied for general purposes	\$ 17,257,526	\$ 18,178,641	\$ 19,209,381	\$ 20,667,959	\$ 24,089,825
Other taxes	245,812	263,595	270,673	281,621	289,388
Unrestricted grants and contributions	7,975,706	8,317,739	8,880,075	8,889,855	10,060,324
Unrestricted investment earnings	91,790	67,113	241,480	327,247	368,545
Gain (loss) on sale of assets	111,308	39,782	(454)	21,607	328,052
Miscellaneous	(222,998)	609,585	778,909	541,851	639,823
Capital contributions	-	-	-	-	-
Transfers	-	946,124	567,135	1,272,139	610,976
Total Governmental Activities	<u>25,459,144</u>	<u>28,422,579</u>	<u>29,947,199</u>	<u>32,002,279</u>	<u>36,386,933</u>
Business-Type Activities:					
Unrestricted investment earnings	134,205	109,825	226,328	805,293	530,281
Gain (loss) on sale of assets	(9,070)	-	(1,736)	-	-
Miscellaneous	-	-	-	-	3,292
Transfers	-	(946,124)	(567,135)	(1,272,139)	(610,976)
Total Business-Type Activities Program	<u>125,135</u>	<u>(836,299)</u>	<u>(342,543)</u>	<u>(466,846)</u>	<u>(77,403)</u>
Total Primary Government	<u>\$ 25,584,279</u>	<u>\$ 27,586,280</u>	<u>\$ 29,604,656</u>	<u>\$ 31,535,433</u>	<u>\$ 36,309,530</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 7,868,445	\$ 11,173,956	\$ 9,847,929	\$ 13,496,434	\$ 1,836,979
Business-type activities	15,224,877	9,656,642	12,152,573	7,416,882	6,563,679
Total Primary Government Net Expenses	<u>\$ 23,093,322</u>	<u>\$ 20,830,598</u>	<u>\$ 22,000,502</u>	<u>\$ 20,913,316</u>	<u>\$ 8,400,658</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**CHANGES IN NET POSITION**

*LAST TEN FISCAL YEARS*  
*(ACCRUAL BASIS OF ACCOUNTING)*

	2021	2022	2023	2024	2025
<b>Expenses:</b>					
Governmental Activities:					
General government	\$ 22,941,073	\$ 14,145,144	\$ 16,532,603	\$ 13,034,120	\$ 9,969,103
Public safety	11,940,360	13,804,821	17,432,658	20,462,322	18,847,544
Economic and physical development	4,228,795	24,467,841	5,596,940	6,523,202	10,691,519
Cultural and recreational	2,277,614	5,076,874	7,004,634	9,940,763	5,586,678
Public works	5,291,086	7,028,387	3,811,732	11,707,891	7,495,454
Interest on long-term debt	889,600	2,641,647	2,603,512	2,954,291	4,956,507
Total Governmental Activities Expenses	<u>47,568,528</u>	<u>67,164,714</u>	<u>52,982,079</u>	<u>64,622,589</u>	<u>57,546,805</u>
Business-Type Activities:					
Utility	\$ 15,782,975	\$ 18,579,677	\$ 22,385,117	\$ 24,391,379	\$ 31,164,631
Stormwater management	684,096	847,736	1,155,630	1,958,774	2,076,017
Total Business-Type Activities	<u>16,467,071</u>	<u>19,427,413</u>	<u>23,540,747</u>	<u>26,350,153</u>	<u>33,240,648</u>
Total Primary Government	<u>\$ 64,035,599</u>	<u>\$ 86,592,127</u>	<u>\$ 76,522,826</u>	<u>\$ 90,972,742</u>	<u>\$ 90,787,453</u>
<b>Program Revenues:</b>					
Governmental Activities:					
Charges for Services:					
General government	\$ 3,111,678	\$ 4,608	\$ 9,688,985	\$ 11,025,548	\$ 10,708,598
Public safety	-	-	-	-	-
Economic and physical development	-	2,601,694	-	490,000	53,019
Cultural and recreational	5,080,376	4,569,187	639,232	2,358,473	1,867,033
Public works	-	3,306,669	-	-	-
Operating grants and contributions	1,577,170	1,596,014	4,846,721	1,593,426	2,814,018
Capital grants and contributions	17,181,170	9,863,429	2,093,714	13,951,903	1,809,742
Total Governmental Activities Revenues	<u>26,950,394</u>	<u>21,941,601</u>	<u>17,268,652</u>	<u>29,419,350</u>	<u>17,252,410</u>
Business-Type Activities:					
Charges for Services:					
Utility	19,292,758	22,814,857	22,042,323	23,660,672	29,855,091
System development fee	-	-	8,708,967	6,929,541	6,936,493
Stormwater management	5,511,370	1,555,361	1,571,841	1,672,582	1,682,167
Operating grants and contributions	-	27,047	-	-	-
Capital grants and contributions	5,396,694	3,018,954	9,326,959	9,780,740	12,364,556
Total Business-Type Activities Program Revenues	<u>30,200,822</u>	<u>27,416,219</u>	<u>41,650,090</u>	<u>42,043,535</u>	<u>50,838,307</u>
Total Primary Government Program Revenues	<u>\$ 57,151,216</u>	<u>\$ 49,357,820</u>	<u>\$ 58,918,742</u>	<u>\$ 71,462,885</u>	<u>\$ 68,090,717</u>
Net (Expense) Revenue:					
Governmental activities	20,618,134	45,223,113	35,713,427	35,203,239	40,294,395
Business-type activities	(13,733,751)	(7,988,806)	(18,109,343)	(15,693,382)	(17,597,659)
Total Primary Government Net Expenses	<u>\$ 6,884,383</u>	<u>\$ 37,234,307</u>	<u>\$ 17,604,084</u>	<u>\$ 19,509,857</u>	<u>\$ 22,696,736</u>
<b>General Revenue and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes:					
Property taxes, levied for general purposes	\$ 26,867,688	\$ 29,064,809	\$ 32,641,019	\$ 32,829,321	\$ 44,466,157
Other taxes	685,529	809,962	856,026	879,636	918,365
Unrestricted grants and contributions	15,383,548	16,650,541	16,571,711	17,612,359	17,612,359
Unrestricted investment earnings	105,025	932,478	2,303,331	3,255,642	4,231,864
Gain (loss) on sale of assets	-	-	-	-	119,408
Miscellaneous	1,064,165	1,132,532	1,488,916	262,119	247,172
Capital contributions	-	-	-	-	-
Transfers	(357,567)	917,050	372,845	(50,000)	(2,476,432)
Total Governmental Activities	<u>43,748,388</u>	<u>49,507,372</u>	<u>54,233,848</u>	<u>54,789,077</u>	<u>65,118,893</u>
Business-Type Activities:					
Unrestricted investment earnings	\$ 11,142	\$ 99,211	\$ 1,071,807	\$ 1,232,539	\$ 5,022,493
Gain (loss) on sale of assets	-	-	-	-	49,349
Miscellaneous	489,982	17,861,711	-	-	2,476,432
Transfers	357,567	(917,050)	(372,845)	50,000	-
Total Business-Type Activities Program	<u>858,691</u>	<u>17,043,872</u>	<u>698,962</u>	<u>1,282,539</u>	<u>7,548,274</u>
Total Primary Government	<u>\$ 44,607,079</u>	<u>\$ 66,551,244</u>	<u>\$ 54,932,810</u>	<u>\$ 56,071,616</u>	<u>\$ 72,667,167</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 23,130,254	\$ 4,284,259	\$ 18,520,421	\$ 19,585,838	\$ 24,824,498
Business-type activities	14,592,442	25,032,678	18,808,305	16,975,921	25,145,933
Total Primary Government Net Expenses	<u>\$ 37,722,696</u>	<u>\$ 29,316,937</u>	<u>\$ 37,328,726</u>	<u>\$ 36,561,759</u>	<u>\$ 49,970,431</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**

*LAST TEN FISCAL YEARS*  
*(ACCRUAL BASIS OF ACCOUNTING)*

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<b>Fiscal Year</b>		<b>Property Tax Levy <sup>(1)</sup></b>	<b>Tax Rate</b>
2016	\$	17,257,526	0.4325
2017		18,178,641	0.4325
2018		19,432,310	0.4325
2019		20,877,006	0.4325
2020		24,315,524	0.4325
2021		26,851,482	0.4216
2022		29,067,539	0.4216
2023		31,551,318	0.4216
2024		34,269,141	0.4216
2025		44,479,500	0.3435

Note:

<sup>(1)</sup> Town of Holly Springs only levies a property tax.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General Fund</b>										
Fund Balance:										
Nonspendable	\$ 70,081	\$ 79,950	\$ 91,303	\$ 110,795	\$ 125,674	\$ 253,630	\$ 269,704	\$ 313,676	\$ 398,098	\$ 588,846
Restricted	3,639,779	5,778,229	6,886,858	5,288,377	7,566,502	8,480,716	14,945,965	15,534,753	9,802,939	12,673,529
Committed	-	-	361,055	1,083,165	1,401,301	318,891	3,755,054	3,859,461	3,204,723	3,415,208
Assigned	-	-	-	-	-	-	-	-	8,072	440,000
Unassigned	8,458,193	7,268,830	7,541,972	10,997,626	12,643,014	15,455,409	11,357,473	10,316,667	22,542,835	23,229,476
Total General Fund	<u>\$ 12,168,053</u>	<u>\$ 13,127,009</u>	<u>\$ 14,881,188</u>	<u>\$ 17,479,963</u>	<u>\$ 21,736,491</u>	<u>\$ 24,508,646</u>	<u>\$ 30,328,196</u>	<u>\$ 30,024,557</u>	<u>\$ 35,956,667</u>	<u>\$ 40,347,059</u>
<b>All Other Governmental Funds:</b>										
Fund Balance:										
Restricted	\$ 540,284	\$ 390,094	\$ 6,387,331	\$ 5,442,336	\$ 3,860,429	\$ 69,356,584	\$ 51,390,905	\$ 43,239,863	\$ 30,472,641	\$ 98,131,765
Committed	8,964,567	10,467,668	6,661,741	8,122,980	7,278,973	-	-	-	-	-
Assigned	-	-	-	-	2,593,028	9,191,375	9,564,903	11,892,463	13,565,419	21,307,171
Unassigned	(3,434)	8,142	(833,934)	667,265	(1,697,459)	-	-	-	-	-
Total Governmental Fund	<u>\$ 9,501,417</u>	<u>\$ 10,865,904</u>	<u>\$ 12,215,138</u>	<u>\$ 14,232,581</u>	<u>\$ 12,034,971</u>	<u>\$ 78,547,959</u>	<u>\$ 60,955,808</u>	<u>\$ 55,132,326</u>	<u>\$ 44,038,060</u>	<u>\$ 119,438,936</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues:</b>										
Ad valorem taxes	\$ 17,018,909	\$ 18,174,054	\$ 19,206,514	\$ 20,664,824	\$ 24,297,521	\$ 26,862,367	\$ 29,064,809	\$ 31,548,937	\$ 34,294,276	\$ 44,466,585
Other taxes and licenses	245,812	263,595	270,305	281,335	288,283	685,529	809,962	856,026	879,636	918,365
Unrestricted governmental	7,975,705	8,317,740	8,880,075	9,570,143	10,060,324	15,983,548	16,650,543	16,571,711	17,612,359	18,211,740
Restricted intergovernmental	3,065,521	5,379,580	3,386,261	2,484,631	2,740,762	4,498,211	5,603,298	6,106,145	3,173,301	4,024,379
Permits and fees	3,560,678	3,938,888	5,168,469	7,434,931	4,871,288	3,111,678	2,601,694	2,723,139	2,326,131	1,935,566
Sales and services	4,296,864	4,919,619	5,268,409	5,414,832	5,123,703	5,080,376	5,439,843	8,025,174	11,547,890	10,693,084
Investment earnings	91,790	67,113	241,480	327,247	368,545	105,025	120,631	2,303,331	3,255,642	4,231,864
Contributions	-	-	601,000	610,000	600,000	-	-	-	-	-
Miscellaneous	132,295	352,190	819,408	568,356	669,140	937,248	789,008	1,488,916	262,119	247,172
Total Revenues	36,387,574	41,412,779	43,841,921	47,356,299	49,019,566	57,263,982	61,079,788	69,623,379	73,351,354	84,728,755
<b>Expenditures:</b>										
General government	4,777,766	4,992,465	5,762,700	6,068,557	7,045,195	5,888,841	7,090,889	18,088,332	12,223,005	10,712,398
Public safety	8,753,090	9,041,240	9,598,597	10,445,463	11,563,787	12,122,150	13,878,530	16,584,368	17,728,461	22,635,034
Public works	3,343,570	3,862,106	3,828,097	4,228,356	4,604,519	6,698,810	6,640,017	7,439,264	8,369,855	8,435,801
Economic and physical development	2,725,969	3,043,549	3,349,044	3,647,405	3,664,380	4,259,326	24,686,867	4,915,213	5,476,085	5,828,721
Culture and recreation	4,056,012	4,572,031	5,225,265	5,237,054	4,944,635	4,400,115	5,067,056	6,901,296	7,646,013	6,575,013
Debt service:										
Principal	3,372,453	3,470,119	3,270,280	3,271,430	3,205,035	3,301,514	4,225,748	4,673,007	6,546,430	5,810,388
Interest and other charges	1,435,953	1,366,365	1,373,669	1,267,951	1,163,600	1,052,367	2,434,261	2,566,793	2,816,441	4,053,985
Right to use assets:										
Principal	-	-	-	-	-	-	-	-	148,194	646,078
Interest and other charges	-	-	-	-	-	-	-	-	3,449	9,200
Capital outlay	9,344,540	9,727,367	9,158,453	9,867,611	11,708,526	7,928,259	11,495,738	15,480,329	31,879,913	36,825,085
Total Expenditures	37,809,353	40,075,242	41,566,105	44,033,827	47,899,677	45,651,382	75,519,106	76,648,602	92,837,846	101,531,703
Excess of revenues over (under) expenditures	(1,421,779)	1,337,537	2,275,816	3,322,472	1,119,889	11,612,600	(14,439,318)	(7,025,223)	(19,486,492)	(16,802,948)
<b>Other Financing Sources (Uses):</b>										
Transfers in	3,830,312	3,880,782	15,331,363	17,984,579	18,187,134	101,354	20,873,623	12,823,449	13,792,734	5,886,769
Transfers out	(4,412,243)	(2,934,658)	(14,781,725)	(16,712,440)	(17,576,158)	(458,921)	(19,956,573)	(12,450,604)	(13,842,734)	(8,363,201)
General obligation bonds issued	-	-	-	-	-	30,000,000	8,533,381	-	-	87,831,873
General obligation bonds principal payment refunding	-	-	-	-	-	-	(9,060,000)	-	-	-
Bond premiums	(118,505)	-	-	-	-	7,758,301	-	-	-	9,244,768
Limited obligation bond premiums	-	-	-	-	-	-	-	-	1,118,593	-
Insurance proceeds	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	45,267	39,782	26,825	21,607	328,053	-	-	-	-	66,303
Right of use liabilities issued	-	-	-	-	-	-	-	65,258	690,743	1,927,704
Installment purchase obligations	-	-	-	-	-	1,750,000	2,276,250	460,000	-	-
Limited obligation bonds issued	-	-	-	-	-	18,270,000	-	-	12,565,000	-
Total Other Financing Sources (Uses)	(655,169)	985,906	576,463	1,293,746	939,029	57,420,734	2,666,681	898,103	14,324,336	96,594,216
Net change in fund balances	\$ (2,076,948)	\$ 2,323,443	\$ 2,852,279	\$ 4,616,218	\$ 2,058,918	\$ 69,033,334	\$ (11,772,637)	\$ (6,127,120)	\$ (5,162,156)	\$ 79,791,268
Debt service as a percentage of noncapital expenditures	18.5%	16.9%	15.9%	14.3%	13.3%	12.1%	11.6%	14.9%	17.0%	17.6%

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

*LAST TEN FISCAL YEARS*

<b>Fiscal Year</b>	<b>Tax Year December 31</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Company</b>	<b>Net Assessed Value</b>	<b>Rate <sup>(2)</sup></b>	<b>Ratio of Assessed Value to Estimated Actual Value <sup>(1)</sup></b>
2016	2015	\$ 3,318,803,500	\$ 235,417,044	\$ 14,038,511	\$ 3,568,259,055	0.4325	100%
2017	2016	3,676,515,021	149,168,524	14,414,591	3,840,098,136	0.4325	100%
2018	2017	3,950,714,099	97,295,550	15,827,540	4,063,837,189	0.4325	100%
2019	2018	4,356,646,328	453,292,958	15,948,430	4,825,887,716	0.4825	100%
2020	2019	4,632,213,679	391,495,658	17,112,218	5,040,821,555	0.4216	100%
2021	2020	5,829,943,075	509,432,761	18,436,783	6,357,812,619	0.4216	100%
2022	2021	6,632,043,898	226,080,494	19,063,701	6,877,188,093	0.4216	100%
2023	2022	6,889,083,151	308,621,197	20,174,400	7,217,878,748	0.4216	100%
2024	2023	6,992,876,261	459,357,710	47,150,695	8,099,060,961	0.4216	100%
2025	2024	11,444,049,236	1,428,687,455	56,414,392	12,929,151,083	0.3435	100%

Notes:

<sup>(1)</sup> Assessed value is established by the Wake County Tax Department at 100% estimated market value.

<sup>(2)</sup> Rate per \$100 of assessed valuation.

<sup>(3)</sup> A revaluation of all property is required at least every eight (8) years by North Carolina State Statute. Wake County elected to perform the revaluation every four (4) years. The last revaluation occurred as of January 2020.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTS**

*LAST TEN FISCAL YEARS*

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<b>Fiscal Year</b>	<b>Town of Holly Springs</b>	<b>Wake County</b>	<b>Combined Tax Rate Per \$100 of Assessed Value</b>
2016	0.4325	0.6005	1.0330
2017	0.4325	0.6150	1.0475
2018	0.4325	0.6544	1.0869
2019	0.4825	0.7207	1.2032
2020	0.4216	0.6000	1.0216
2021	0.4216	0.6000	1.0216
2022	0.4216	0.6195	1.0411
2023	0.4216	0.6570	1.0786
2024	0.4216	0.5135	0.9351
2025	0.3435	0.5135	0.8570

Note:

<sup>(1)</sup> A revaluation of all property is required at least every eight (8) years by North Carolina State Statute. The most recent Wake County revaluation was effective January 1, 2024. The next revaluations will be effective January 1, 2027 and January 1, 2029, and will then be conducted every two years.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**PRINCIPAL PROPERTY TAXPAYERS**

*CURRENT YEAR AND NINE YEARS AGO*

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Seqirus Inc	\$ 789,263,679	1	6.10%	\$ 336,481,094	1	7.97%
Fujifilm Diosynth Biotechnologies	553,393,586	2	4.28%			
Amgen Inc	306,637,788	3	2.37%			
Q Stephens Farm Holdings LLC	114,273,848	4	0.88%			
4000 Penuche Way (NC) Owner LP	92,626,080	5	0.72%			
KRG New Hill Place	84,190,207	6	0.65%	47,701,899	2	1.13%
Myers Exchange Holly Springs LP	81,997,978	7	0.63%			
Scrap Iron LLC	50,321,197	8	0.39%	-	-	-
Holly Springs Owner LLC	47,908,791	9	0.37%	-	-	-
MSS Apartmetns LLC	34,468,453	10	0.27%	20,864,625	4	0.49%
Holly Springs NC Apartments				26,284,147	3	0.62%
Walmart	-	-		19,723,878	5	0.47%
WSLD 12 Oaks VI LLC	-	-	-	17,392,931	6	0.41%
Rosen Holly Springs LLC	-	-	-	13,213,761	7	0.31%
Optimus Springs				12,593,071	8	0.30%
Holly Springs Crossing LLC	-	-	-	11,733,904	9	0.28%
Target Corp				11,077,728	10	0.26%
Totals	<u>\$ 2,155,081,607</u>		<u>16.7%</u>	<u>\$ 517,067,038</u>		<u>14.5%</u>
Total Assessed Value	<u>\$ 12,929,151,083</u>			<u>\$ 3,568,259,055</u>		

Source: Wake County Tax Administration - Statistics and Reports.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**

*LAST TEN FISCAL YEARS*

<b>Fiscal Year</b>	<b>Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Taxes Collected</b>	<b>Subsequent Delinquent Tax Collections <sup>(1)</sup></b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>
2016	\$ 17,172,963	\$ 17,134,568	99.8%	\$ (5,436)	\$ 17,129,132	99.7%
2017	18,517,564	18,490,570	99.9%	22,408	18,512,978	100.0%
2018	19,438,128	19,401,996	99.8%	27,447	19,429,443	100.0%
2019	20,877,006	20,860,513	99.9%	13,359	20,873,872	100.0%
2020	24,315,524	24,239,724	99.7%	23,534	24,263,258	99.8%
2021	26,851,482	26,788,216	99.8%	34,306	26,822,522	99.9%
2022	29,067,539	29,008,092	99.8%	52,005	29,060,097	100.0%
2023	31,551,318	31,501,189	99.8%	30,498	31,531,687	99.9%
2024	34,269,141	34,210,937	99.8%	29,915	34,240,852	99.9%
2025	44,479,500	44,401,394	99.8%	n/a	44,401,394	99.8%

Note:

(1) includes write-offs

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities					Business-Type Activities						Total Primary Government	Debt as a % of Assessed Valuation <sup>(1)</sup>	Per Capita <sup>(4)</sup>
	GO Bonds*	Installment Purchases*	LO Bonds*	Subscription Liabilities	Lease Liabilities	GO Bonds*	Installment Purchases	LO Bonds*	Revenue Bonds*	Subscription Liabilities	Lease Liabilities			
2016	\$ 11,840,000	\$14,410,099	\$ 16,630,000	\$ -	\$ -	\$11,035,000	\$13,652,813	\$ -	\$20,041,967	\$ -	\$ -	\$ 87,609,879	2.5%	\$ 2,623
2017	11,390,000	11,983,485	16,155,000	-	-	10,570,000	12,579,079	-	18,890,992	-	-	81,568,556	2.1%	2,309
2018	11,256,992	12,113,476	16,651,378	-	-	10,090,000	11,505,345	-	17,685,565	-	-	79,302,756	2.0%	2,145
2019	10,653,912	10,437,046	15,540,953	-	-	9,605,000	10,431,611	-	16,423,113	-	-	73,091,635	1.5%	1,886
2020	9,992,551	8,821,001	14,430,528	-	-	9,105,000	9,357,876	-	15,100,923	-	-	66,807,879	1.3%	1,610
2021	43,763,118	8,859,489	34,932,149	-	-	8,590,000	11,329,792	-	13,450,449	-	-	120,924,997	1.9%	2,865
2022	41,245,554 <sup>(3)</sup>	9,419,923 <sup>(4)</sup>	33,654,622	-	-	8,289,582 <sup>(6)</sup>	10,560,492 <sup>(5)</sup>	-	11,954,565	-	-	115,124,738	1.7%	2,437
2023	38,860,449	8,266,795	32,377,094	51,816 <sup>(8)</sup>	113,185 <sup>(9)</sup>	7,680,718	9,128,539	-	10,413,848	3,690 <sup>(8)</sup>	494,439 <sup>(9)</sup>	107,390,573	1.5%	2,165
2024	36,539,252	4,749,894	44,788,158 <sup>(7)</sup>	573,424	134,136	7,096,514	7,888,938	1,325,000 <sup>(7)</sup>	8,821,074	-	483,745	112,400,135	1.4%	2,266
2025	108,907,293	4,303,587	63,509,616	1,634,684	354,502	6,499,981	7,961,955	22,457,858	77,839,698	-	482,341	293,951,515	2.3%	5,479

Notes:

\*Including premium

<sup>(1)</sup> Total primary government debt divided by assessed valuation.

<sup>(2)</sup> Total primary government debt divided by total population.

<sup>(3)</sup> During fiscal year 2022, the 2012 Park and Recreation Bonds totaling \$8,430,000 were refunded.

<sup>(4)</sup> During fiscal year 2022, Vehicle Installment of \$2,276,182 were issued.

<sup>(5)</sup> During fiscal year 2022, Vehicle Installment of \$716,068 were issued.

<sup>(6)</sup> During fiscal year 2022, 2006 and 2012 Water and Sewer Bonds totaling \$8,205,000 were refunded.

<sup>(7)</sup> During fiscal year 2024, Limited Obligation Bonds totaling \$13,890,000 were issued

<sup>(8)</sup> During fiscal year 2023, Town implemented GASB 96 for the accounting and reporting of subscription based information technology arrangements.

<sup>(9)</sup> During fiscal year 2023, Town implemented GASB 87 for the accounting and reporting of lease liabilities

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**

*Last Ten Fiscal Years*

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<b>Fiscal Year</b>	<b>General Obligation Bonds <sup>(1)</sup></b>	<b>Percentage of Assessed Property Value</b>	<b>Per Capita</b>
2016	\$ 22,875,000	0.64%	\$ 685
2017	21,960,000	0.57%	622
2018	20,895,000	0.51%	565
2019	20,258,912	0.42%	523
2020	19,097,551	0.38%	460
2021	52,353,118	0.82%	1,240
2022	49,535,136	0.72%	1,049
2023	46,541,167	0.64%	938
2024	43,635,766	0.54%	880
2025	115,407,274	0.89%	2,151

Note: Details regarding the Town's debt can be found in the notes to the financial statements.

<sup>(1)</sup> Includes general obligation bonds from governmental and business-type activities; includes bond premiums.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

YEAR ENDED JUNE 30, 2025

<u>Governmental Unit</u>	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable to Town</u>	<u>Amount Applicable to Town</u>
Direct Debt:			
Town of Holly Springs	\$ 178,709,682 <sup>(3)</sup>	100.00%	\$ 178,709,682
Overlapping Debt: <sup>(4)</sup>			
Wake County	2,874,993,805 <sup>(1)</sup>	4.20% <sup>(2)</sup>	<u>120,806,302</u>
Total direct and overlapping debt			<u><u>\$ 299,515,984</u></u>

<sup>(1)</sup> Amount represents Governmental Activities Debt of Wake County, North Carolina. The Town is a Municipal Government within Wake County.

<sup>(2)</sup> Allocated based on assessed valuation.

<sup>(3)</sup> Includes all governmental general obligation, limited obligation, installment financing, leases and IT subscription debt.

<sup>(4)</sup> Overlapping debt does not include the debt of the Special Airport District of Durham and Wake Counties as these bonds are payable by the Airport Authority out of airport revenues.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**LEGAL DEBT MARGIN INFORMATION**

*LAST TEN FISCAL YEARS*

<b>Fiscal Year</b>	<b>Debt Limit</b>	<b>Less Total Net Debt Applicable to Limit</b>	<b>Legal Debt Margin</b>	<b>Total Net Debt Applicable to the Limit as a Percentage of Debt Limit</b>
2016	\$ 285,460,724	\$ 58,292,912	\$ 227,167,812	20.42%
2017	335,654,566	57,450,064	278,204,502	17.12%
2018	359,442,254	58,012,536	301,429,718	16.14%
2019	386,164,273	51,856,022	334,308,251	13.43%
2020	403,265,724	47,109,456	356,156,268	11.68%
2021	508,625,010	103,094,548	405,530,462	20.27%
2022	551,134,239	104,220,568	445,954,479	18.94%
2023	594,115,674	114,313,595	479,802,079	19.24%
2024	647,924,877	221,579,061	426,345,816	34.20%
2025	1,034,332,087	266,111,817	768,220,270	25.73%

**Legal Debt Margin Calculation for Fiscal Year 2025**

Assessed value	<u>\$ 12,929,151,083</u>
Debt Limit (8% of total assessed value)	1,034,332,087
Debt applicable to limit:	
General obligation bonds (including premium)	115,407,274
Limited obligation bonds (including premium)	85,967,474
Installment purchase agreements	12,265,542
IT Subscription Liabilities	1,634,684
Lease Liabilities	836,843
Authorized but unissued general obligation bonds	<u>50,000,000</u>
Total net debt applicable to limit	<u>266,111,817</u>
Legal Debt Margin	<u>\$ 768,220,270</u>
Percentage of debt to debt limit	25.73%
Percentage of debt to assessed value	2.06%

<sup>(1)</sup> Under North Carolina general statutes, the legal debt limit should not exceed 8% of total assessed property value. By law, the statutes provide exclusions for bonded debt which has been issued for water and sewer systems provided the criteria for the debt has been satisfied by the unit of government.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**PLEDGE REVENUE COVERAGE**

LAST TEN FISCAL YEARS

Fiscal	Utility Revenue Bonds					Debt Service		
	Water & Sewer Charges <sup>(1)</sup>	Operating Revenues <sup>(2)</sup>	Total Charges	Less Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2016	\$ 11,752,068	\$ 7,010,631	\$ 18,762,699	\$ 7,871,184	\$ 10,891,515	\$ 2,622,720	\$ 1,413,419	2.70%
2017	13,010,379	7,045,592	20,055,971	9,075,842	10,980,129	2,689,710	1,339,931	2.72%
2018	12,066,349	11,455,756	23,522,105	12,874,164	10,647,941	2,759,161	1,263,993	2.65%
2019	19,216,736	999,262	20,215,998	10,986,122	9,229,876	2,821,193	1,185,334	2.30%
2020	22,419,319	1,391,004	23,810,323	15,552,515	8,257,808	2,895,919	1,104,417	2.06%
2021	18,209,055	1,083,703	19,292,758	11,791,104	7,501,654	3,239,208	1,057,407	1.75%
2022	17,436,518	1,074,182	18,510,700	13,496,177	5,014,523	3,366,253	663,236	1.24%
2023	18,648,761	818,693	19,467,454	14,787,911	4,679,543	3,507,791	654,265	1.12%
2024	23,001,873	658,799	23,660,672	18,858,816	4,801,856	3,342,837	620,707	1.21%
2025	24,849,534	5,005,557	29,855,091	21,283,277	8,571,814	1,646,934	2,388,690	2.12%

<sup>(1)</sup> Includes water and sewer charges and tap fees.

<sup>(2)</sup> Certain amounts represent sewer capacity replacement fees. These revenues are now accounted for in the System Development Fee Fund.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**

*LAST TEN FISCAL YEARS*

<b>Year</b>	<b>Holly Springs Population <sup>(1)</sup></b>	<b>Wake County Population <sup>(2)</sup></b>	<b>Personal Income (thousands) <sup>(3)</sup></b>	<b>Per Capita Income <sup>(4)</sup></b>	<b>Median Age <sup>(5)</sup></b>	<b>School Enrollment <sup>(6)</sup></b>	<b>Unemployment Rate <sup>(7)</sup></b>
2016	33,395	1,024,198	\$ 53,028,913	\$ 51,776	35.0	8,126	4.3%
2017	35,323	1,046,791	56,592,270	54,063	35.0	8,655	3.6%
2018	36,973	1,072,203	57,229,926	54,549	36.2	8,655	3.6%
2019	38,757	1,092,305	64,461,643	59,014	36.4	8,939	3.6%
2020	41,502	1,092,305	64,461,643	59,014	36.4	9,197	7.2%
2021	42,209	1,129,410	69,222,569	62,264	36.4	9,951	4.1%
2022	47,231	1,150,204	74,107,214	65,450	37.4	10,517	3.0%
2023	49,600	1,175,021	81,900,659	71,205	37.3	10,021	3.1%
2024	51,947	1,190,275	89,720,755	76,357	37.3	8,398	3.6%
2025	53,648	1,232,444	96,795,590	81,322	37.7	8,452	3.4%

<sup>(1)</sup> Population projections are compiled by the Town of Holly Springs Development Services Department.

<sup>(2)</sup> Source - Wake County.

<sup>(3)</sup> Personal Income for Wake County according to the US Bureau of Economic Analysis.  
Information is available only for Wake County and not the Town. Latest data available is 2023. Updated February 2025.

<sup>(4)</sup> Per capita Income for Wake County according to the US Bureau of Economic Analysis.  
Information is available only for Wake County and not the Town. Latest data available is 2023. Updated February 2025.

<sup>(5)</sup> Median age for Wake County +/-0.3. The latest available data is from the 2024 American Community Survey.

<sup>(6)</sup> School enrollment for public schools within Town incorporated limits provided by Wake County Public School System.  
FY23 and prior includes certain private/charter schools' enrollment.

<sup>(7)</sup> Unemployment rate for Wake County according to NC Department of Commerce

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**PRINCIPAL EMPLOYERS**

*YEAR ENDED JUNE 30, 2025*

<b>Employer</b>	<b>2025</b>		<b>2016</b>	
	<b>Employees</b>	<b>Rank</b>	<b>Employees</b>	<b>Rank</b>
CSL Seqirus Inc	955	1	800	1
Wake County Public School System	800	2	650	2
UNC Health Rex Holly Springs	500	3	78	9
Town of Holly Springs*	475	4	239	4
Beroe Inc.	400	5	-	-
FUJIFILM Diosynth Biotechnologies	364	6	-	-
Rovisys	300	7	260	3
Amgen	200	8	250	5
My Computer Career	200	9	-	-
Pierce Group Benefit	150	10	-	-

\* Included full time employees only

Source: Town of Holly Springs Economic Development Department.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION**

LAST TEN FISCAL YEARS

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
Governing Body	5	5	5	2	2	2	2	2	2	2
Administration	10	10	11	16	18	21	22	32	34	34
Finance	10	10	11	12	14	17	19	18	19	19
Economic and Physical Development										
Economic Development	1	2	2	2	2	2	2	2	3	2
Planning*	9	8	9	9	10	-	-	-	-	-
Code Enforcement*	12	12	12	13	13	-	-	-	-	-
Engineering*	21	21	23	26	28	-	-	-	-	-
Development Services*										
Customer Svce & Compliance	-	-	-	-	-	8	9	11	14	11
Land Development	-	-	-	-	-	20	26	23	26	22
Building & Safety	-	-	-	-	-	8	11	12	15	12
Public Safety										
Law Enforcement										
Officers	50	49	56	64	71	69	73	69	77	80
Civilians	13	13	12	15	15	18	18	18	21	22
Fire/Rescue	41	40	45	54	58	58	71	67	73	84
Public Works										
Streets	12	10	11	15	15	17	17	15	15	13
Solid Waste	11	11	14	14	15	15	15	14	21	19
Fleet Maintenance	2	2	2	2	3	3	4	5	5	5
Facility Maintenance*	-	-	-	-	-	2	3	3	4	5
Parks and Recreation	33	33	34	37	38	36	37	38	42	42
Water										
Water Storage*	1	1	1	1	1	-	-	-	-	-
Water Distributions*	11	12	12	12	12	-	-	-	-	-
Water Meters (Finance)	4	4	4	4	4	-	-	-	-	-
Water Quality										
WW Treatment*	8	8	8	9	9	-	-	-	-	-
Pump Stations*	4	4	4	4	4	-	-	-	-	-
Laboratory*	2	2	2	2	3	-	-	-	-	-
WW Collections*	3	4	5	6	6	-	-	-	-	-
Utilities & Infrastructure*										
Business Management	-	-	-	-	-	5	5	6	6	5
Infrastructure & Environmental Services	-	-	-	-	-	10	13	10	10	10
Water Resources Admin	-	-	-	-	-	1	1	1	1	1
Utility Management & Planning	-	-	-	-	-	1	1	2	8	9
Stormwater								7	7	7
Operations	-	-	-	-	-	7	7	8	11	10
Industrial Maintenance	-	-	-	-	-	-	2	1	4	2
Compliance	-	-	-	-	-	4	4	4	4	4
Water Distributions	-	-	-	-	-	12	12	12	11	10
Cross Connection / Backflow	-	-	-	-	-	1	1	1	1	1
WW Collections	-	-	-	-	-	10	10	9	9	7
Total	263	261	283	319	341	347	385	390	443	438

\*During FY 2021 - The Town had a major reorganization performed in which the Development Services and Utility and Infrastructure departments were formed.

Source: Town of Holly Springs Finance Department.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**OPERATING INDICATORS BY FUNCTION**

LAST TEN FISCAL YEARS

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Physical arrests	462	444	383	310	413	525	601	600	442	370
Traffic violations	2,227	1,914	1,163	1,019	2,117	1,968	1,760	3,286	3822	1705
Number of fire calls answered	1,877	1,903	2,130	2,174	2,318	2,440	2,932	2,833	3030	2936
Inspections	1,010	1,107	548	1,789	627	977	1,416	1,398	1358	1293
Police response rate	N/A	N/A	N/A	5.09**	6.13	5.07	4.48	5.03	7.48	7.97
Fire response rate	N/A	N/A	N/A	4.31	5.09	5.35	6.00	8.18	5.36	6.2
Highways and streets										
Street resurfacing (miles)	5.25	7.17	5.59	-	-	-	3.25	0.00	2.69	3.76
Potholes repaired	191	191	163	163	110	N/A <sup>(3)</sup>	0	141	64	82
Sidewalk repaired (linear feet)	2,163	2,808	3,029	3,029	4,602	N/A <sup>(3)</sup>	1,309	765	2023	1,976
Street sweeping (miles)	575	150 <sup>(1)</sup>	240	240	170	N/A <sup>(3)</sup>	2,410	4,317	8,056	8,089
Code Enforcement/Inspections										
Building permits	989	1,072	996	1,135	1,279	1,459	1,120	736 <sup>(4)</sup>	1,095	833
Sanitation										
Residential waste collected (tons/year)	8,568	9,472	7,981	9,918	11,221	11,014	12,843	12,057	12557	13,570
Recyclables collected (tons/year)	2,021	1,660	2,072	2,354	1,726	1,645	1,400	1,734	1176	1,514
Yard waste collected (tons/year)	27,152 cy	37,932.09 cy	23,524 cy	21,480 *	3,221 cy	5638.75	5,589	20784 cy	6167	4,043
Household/appliances (tons/year)	183 pieces	24.69*	25 pieces	24.00	4.10	102.09	33.82	50 Pieces	65	60
Recycle pick-up fee	\$ 4.34	\$ 4.34	\$ 4.34	\$ 4.34	\$ 5.22	\$ 5.42	\$ 5.13	\$ 4.93	4.93	\$ 3.99
Trash pick-up fee	\$ 9.69	\$ 9.69	\$ 9.69	\$ 9.69	\$ 9.88	\$ 10.17	\$ 9.98	\$ 10.95	10.95	\$ 9.80
Yard waste pick-up fee	\$ -	\$ -	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.50	\$ 4.00	\$ 7.75	7.5	\$ 7.50
Culture and recreation										
Athletic field permits issued	49	76	268	349	261	1285	1113	1207	2313	5779
Community center admissions	\$ 948,829	\$ 1,357,634	\$ 1,286,597	\$ 1,042,227	\$ 594,327	\$ 613,343	\$ 932,938	\$ 1,255,652	\$ 1,236,690	\$ 1,361,830.49
Youth participation:										
Fall soccer	822	822	957	971	1,050	446	1,134	1,437	1457	1393
Spring soccer	916	916	994	1,081	-	874	1,416	1,753	1848	1393
Football and cheerleading	180	131	123	152	147	50	207	233	343	337
Basketball	897	895	909	881	941	350	656	1,101	1143	1040
Baseball	1,392	1,420	1,474	1,526	586	1,347	1,766	1,750	1619	1576
Before and after school	1,328	1,776	13,000	1,479	1,217	1,351	1,081	1,206	1111	988
Summer camp	1,198	1,366	1,378	1,230	1,102	281	1,331	1,862	1656	1644
Track-out			1,169	1,019	848	- <sup>(2)</sup>	846	888	884	1062
Track	109	105	100	97	-	47	85	85	80	92
Adult participation:	144									
Basketball	580	144	120	120	120	- <sup>(2)</sup>	- <sup>(2)</sup>	0	0	0
Softball	4,159	540	400	360	480	380	380	460	460	800
Fitness room	33	4,241	4,400	3,238	1,744	1,040	1,100	1,148	1226	1980
Water										
Water customers	11,644	11,435	12,345	12,864	13,568	14,340	14,981	15,942	16351	16797
Average water bill	\$ 39.45	\$ 42.04	\$ 36.22	\$ 38.22	\$ 38.35	\$ 72.26	\$ 63.52	\$ 65.38	86.45	99.43
Water main breaks	3	5	6	0	2	5	5	7	1	3
Sanitary sewer overflows (SSO)	2	1	0	0	0	0	0	2	2	4
Average daily consumption (MGD)	2,913,000	3,211,000	2,667,000	3,821,000	2,658,000	3,100,000	3,363,542	3,408,000	3,650,346	3,803,221
Wastewater										
Average daily sewage treatment	2.163	2.263	2.351	2.650	2.640	2.820	2.827	3.039	3.121	3.35

\* Reported in tons/year. This is a reporting change from prior years.

<sup>(1)</sup> Street Sweeper non-operational for a significant time period during the year.

<sup>(2)</sup> Youth Summer Camp and Adult Basketball were cancelled during the 2021 due to COVID and 2022 due to low enrollment.

<sup>(3)</sup> Information not available at the time of report.

<sup>(4)</sup> Partial year data

\*\* Includes all calls bot emergency and non-emergency calls (animal control included) and is from time of dispatch to arrival on scene.

Sources: Town of Holly Springs Police, Fire, Parks and Recreation, and Public Works Departments.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**CAPITAL ASSET STATISTICS BY FUNCTION**

LAST TEN FISCAL YEARS

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police patrol units	56	58	58	58	58	60	86	105	116	120
Fire stations	3	3	3	3	3	3	3	3	3	3
Fire trucks	7	7	8	8	9	9	10	10	10	10
Sanitation										
Collection trucks	5	4	7	8	10	12	13	15	16	18
Highways and streets										
Streets (miles)	118.58	125.75	131.34	140.20	146.83	153.55	157.05	162.00	167.39	170.19
Traffic signals	25	28	32	32	38	38	38	38	38	42
Public parking spaces	993	1,932	1,932	1,932	2,261	2,261	2,303	2,303	2,303	2,303
Culture and recreation										
Parks acreage	573	573	573	573	629	636	636	636	636	636
Parks	5	5	5	5	5	5	5	6	6	6
Baseball fields	11	11	11	11	11	11	11	11	11	11
Tennis courts	21	21	21	21	21	21	21	21	21	21
Community centers	2	2	2	1	1	1	1	1	1	1
Water										
Water mains (feet)										
4" water line	7,785	7,785	7,797	8,139	37,092	42,177	42,333	42,415	45,352	45,532
6" water line	44,976	52,392	58,130	60,072	177,915	181,348	183,408	185,280	202,757	206,255
8" water line	163,418	198,425	212,395	234,421	481,455	509,802	529,781	546,862	581,399	599,077
12" water line	127,194	142,194	148,560	162,978	276,430	281,376	285,867	300,448	328,404	340,312
Total	343,373	400,796	426,882	465,610	972,892	1,014,703	1,041,389	1,075,005	1,157,912	1,191,176
Maximum daily capacity (millions of gallons per day)	12	12	12	12	12	12	12	12	12	12
Sewer										
2" sewer lines (feet)										259
8" sewer lines (feet)	283,704	340,545	362,000	398,645	643,527	675,920	699,434	704,318	733,326	750,726
12" sewer lines (feet)	-	-	-	-	-	-	3,573	4,612	4,717	6,768
15" sewer lines (feet)	-	-	-	-	-	-	173	1,893	1,893	1,893
16" sewer lines (feet)	-	-	-	-	-	-	112	112	112	229
18" sewer lines (feet)	-	-	-	-	-	-	-	205	408	1,705
20" sewer lines (feet)	-	-	-	-	-	-	-	1,521	1,521	1,521
Total	283,704	340,545	362,000	398,645	643,527	675,920	703,292	712,661	741,977	763,101
Maximum daily treatment capacity (millions of gallons per day)	2.4	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0

Sources: Town of Holly Springs Police, Fire, Parks and Recreation, and Public Works Departments.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**COMMERCIAL ACTIVITY**

*LAST TEN FISCAL YEARS*

Year	Commercial <sup>(2)</sup>		Residential <sup>(3)</sup>		Total	
	Number	Value	Number	Value	Number	Value
2016	41	\$ 30,123,296	948	\$ 151,094,087	989	\$ 181,217,383
2017	67	61,700,124	1,005	142,630,132	1,072	204,330,256
2018	80	195,487,790	916	130,314,651	996	325,802,441
2019	61	27,413,954	1,074	158,674,963	1,135	186,088,917
2020	40	39,304,503	1,239	176,877,789	1,279	216,182,292
2021	88	81,851,347	1,472	205,150,686	1,560	287,002,033
2022	108	345,236,622	1,012	155,152,061	1,120	500,388,683
2023	120	423,351,461	1,013	172,392,386	1,133	595,743,847
2024	76	50,229,183	1,018	155,321,062	1,094	205,550,245
2025	165	1,194,538,866	662	96,361,267	827	1,290,900,132

Notes:

(1) Compiled by the Town of Holly Springs Development Services department

(2) Commercial: Includes New Buildings, New Fit-ups, Multi-Family, Alteratons and Additions

(3) Residential: Includes New Homes, Additions, Alterations and Accessory Structures

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**COMMUNITY INVESTMENT FUND**

LAST FOUR FISCAL YEARS\*

	FY 2022	FY 2023	FY 2024	FY 2025
<b>PayGo Fund</b>				
Revenues:				
Investment Earnings	\$ 213	\$ 2,539	\$ -	\$ -
Grants and Contributions	165,294	25,294	-	-
Miscellaneous Revenues	10,694	-	-	-
Transfers In:				
General Fund	4,573,569	1,288,947	1,314,248	2,404,726
Street Reserve Fund	80,000	(100,000)	-	-
ARPA	190,588	-	-	-
Issuance of Lease Liability	-	-	126,956	-
<b>Total Revenues</b>	<b>5,020,358</b>	<b>1,216,780</b>	<b>1,441,204</b>	<b>2,404,726</b>
Expenditures:				
General Government	353,384	588,529	1,877,589	756,896
Public Works	86,651	79,542	96,463	25,080
Cultural and Recreation	-	311,742	155,934	124,030
Transfers Out:				
Capital Projects	2,006,258	165,000	-	100,000
ARPA	190,588	-	-	-
<b>Total Expenditures</b>	<b>2,636,881</b>	<b>1,144,813</b>	<b>2,129,986</b>	<b>1,006,006</b>
Revenues over (under) Expenditures	2,383,477	71,967	(688,782)	1,398,720
Beginning Fund Balance	1,027,059	3,410,536	3,482,502	2,793,720
<b>Ending Fund Balance</b>	<b>\$ 3,410,536</b>	<b>\$ 3,482,502</b>	<b>\$ 2,793,720</b>	<b>\$ 4,192,440</b>
<b>General Government Debt Service Fund</b>				
Revenues:				
Ad Valorem Taxes	\$ 8,420,338	\$ 9,138,495	10,276,611	16,328,284
Miscellaneous Revenues	23	-	-	100,000
Investment Earnings	18,528	231,800	321,281	529,519
Transfers In:				
General Fund	250,000	250,000	612,106	140,000
<b>Total Revenues</b>	<b>8,688,889</b>	<b>9,620,295</b>	<b>11,209,998</b>	<b>17,097,803</b>
Expenditures:				
General Government	260,910	209,122	419,775	134,529
Public Safety	797,252	832,238	1,086,636	1,332,943
Public Works	2,561,116	567,761	662,956	1,389,402
Economic and Physical Development	1,008,450	3,041,738	2,972,479	3,979,431
Cultural and Recreation	2,133,956	2,641,876	4,395,196	2,519,746
<b>Total Expenditures</b>	<b>6,761,684</b>	<b>7,292,735</b>	<b>9,537,042</b>	<b>9,356,051</b>
Revenues over (under) Expenditures	1,927,205	2,327,560	1,672,956	7,741,752
Debt Refunding:				
Principal Payments	(9,060,000)	-	-	-
Refunding Bond Issued	8,533,381	-	-	-
<b>Total Debt Refunding</b>	<b>(526,619)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Beginning Fund Balance	8,164,317	9,564,903	11,892,463	13,565,419
<b>Ending Fund Balance</b>	<b>\$ 9,564,903</b>	<b>\$ 11,892,463</b>	<b>\$ 13,565,419</b>	<b>\$ 21,307,171</b>
<b>Total Community Investment Fund Balance</b>	<b>\$ 12,975,439</b>	<b>\$ 15,374,965</b>	<b>\$ 16,359,139</b>	<b>\$ 25,499,611</b>

\*Community Investment Fund created in FY22

# COMPLIANCE SECTION



Prepared by the Town of Holly Springs Finance Department

**Report of Independent Auditor on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Honorable Mayor  
Members of the Town Council  
Town of Holly Springs, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Holly Springs, North Carolina (the “Town”), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town’s financial statements, and have issued our report thereon dated December 19, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cherry Bekaert LLP". The signature is written in a cursive, flowing style. To the right of the signature, there is a thin vertical yellow line.

Raleigh, North Carolina  
December 19, 2025

## **Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the OMB Uniform Guidance and the State Single Audit Implementation Act**

To the Honorable Mayor  
Members of the Town Council  
Town of Holly Springs, North Carolina

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on each Major Federal Program***

We have audited the Town of Holly Springs, North Carolina's (the "Town") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2025. The Town's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance, and the State Single Audit Implementation Act are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

#### ***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.



Raleigh, North Carolina  
December 19, 2025

**Report of Independent Auditor on Compliance for Each Major State Program  
and on Internal Control over Compliance Required by the  
Uniform Guidance and the State Single Audit Implementation Act**

To the Honorable Mayor  
Members of the Board of Commissioners  
Town of Holly Springs, North Carolina

**Report on Compliance for Each Major State Program**

***Opinion on Each Major State Program***

We have audited the Town of Holly Springs, North Carolina's (the "Town") compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on the Town's major state program for the year ended June 30, 2025. The Town's major state program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2025.

***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and the State Single Audit Implementation Act. Our responsibilities under those standards, the Uniform Guidance and the State Single Audit Implementation Act are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's state programs.

***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of the major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cherry Bekaert LLP". The signature is written in a cursive, flowing style. To the right of the signature is a vertical yellow line.

Raleigh, North Carolina  
December 19, 2025

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2025

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**Section I—Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to U.S. GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported
- Noncompliance material to federal awards noted? \_\_\_\_\_ yes      X   no

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ yes      X   no

Identification of major federal programs:

Assistance Listing Number

21.027

Names of Federal Program or Cluster

COVID-19: Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

  X   yes    \_\_\_\_\_ no

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED JUNE 30, 2025*

## Section I—Summary of Auditor's Results (continued)

## State Awards

Internal control over major state programs:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported
- Noncompliance material to state awards noted? \_\_\_\_\_ yes      X   no

Type of auditor's report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act

           yes          X     no

Identification of major state programs:

Program Name

## Special Appropriations

## Section II—Findings Related to the Audit of the Financial Statements

None reported.

### Section III—Federal Award Findings and Questioned Costs

None reported.

## Section IV—State Award Findings and Questioned Costs

None reported.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**SCHEDULE OF PRIOR YEAR FINDINGS**

*YEAR ENDED JUNE 30, 2024*

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**Section V—Summary Schedule of Prior Audit Findings**

**Financial Statement Findings**

None reported.

**Federal Award Findings and Questioned Costs**

None reported.

**State Award Findings and Questioned Costs**

None reported.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2025

Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>Federal Awards:</b>					
<b>U.S. Department of the Treasury:</b>					
Direct programs:					
Coronavirus State and Local Fiscal Recovery Funds	21.027	NC0213	\$ 462,244	\$ -	\$ -
Coronavirus State and Local Fiscal Recovery Funds	21.027	NC0213	409,412	-	-
Passed through Wake County:					
Coronavirus State and Local Fiscal Recovery Funds	21.027	EC7867	10,955	-	-
Passed through the NC Department of Environmental Quality:					
Coronavirus State and Local Fiscal Recovery Funds	21.027	AIA-D-ARP-0064	143,941	-	-
Coronavirus State and Local Fiscal Recovery Funds	21.027	AIA-W-ARP-0077	157,881	-	-
Coronavirus State and Local Fiscal Recovery Funds	21.027	SRP-D-ARP-0230	4,379,781	-	-
Total U.S. Department of the Treasury			5,564,214	-	-
<b>U.S. Environmental Protection Agency:</b>					
Direct programs:					
Congressionally Mandated Projects	66.202	03D01724	2,140,238	-	535,059
Passed through the NC Department of Environmental Quality:					
Drinking Water State Revolving Fund	66.468	SRF-EC-0019	303,843	-	-
Total U.S. Environmental Protection Agency			2,444,081	-	535,059
<b>U.S. Department of Transportation:</b>					
Passed through the NC Department of Transportation:					
Highway Planning and Construction					
Holly Springs Road/Main Street Intersection	20.205	HL-0030; WBS 49615.2.1	133,244	-	71,747
Holly Springs Road Widening East (Ph 2)	20.205	U-6243; WBS 49185.3.1	662,234	-	2,648,935
Holly Springs Road Widening Central (Ph 1)	20.205	U-6094:ROW-47899.2.1	23,840	-	5,960
Total U.S. Department of Transportation			819,318	-	2,726,642
<b>U.S. Department of Justice:</b>					
Direct Programs:					
Body Worn Camera Policy and Implementation	16.835	15PBJA-21-GG-04442-BWCX	41,821	-	41,821
Passed through the NC Department of Public Safety:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	PROJ015623	4,530	-	-
Total U.S. Department of Justice			46,351	-	41,821
<b>U.S. Department of Energy:</b>					
Direct Programs:					
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-SE0000744	63,023	-	-
Total U.S. Department of Energy			63,023	-	-
<b>U.S. Department of Homeland Security:</b>					
Passed through the NC Department of Public Safety:					
State and Local Cybersecurity Grant Program	97.137	EMW-2022-CY-00006	11,233	-	-
Passed through the NC Department of Public Safety:					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4827-DR-NC	129,259	-	-
Total U.S. Department of Homeland Security			140,492	-	-
<b>Total Federal Awards Expended</b>			<b>\$ 9,077,479</b>	<b>\$ -</b>	<b>\$ 3,303,522</b>

(continued)

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2025

Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	State/Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>State Awards:</b>					
<b>North Carolina Department of Transportation:</b>					
Direct Programs:					
Powell Bill	n/a	2000068937	\$ -	\$ 221,572	\$ -
NC 55 Bypass, north of SR1114 and Teal Lake Road	n/a	SM-5705T	-	350,000	-
Total North Carolina Department of Transportation			-	571,572	-
<b>North Carolina Department of Environmental Quality:</b>					
Direct Programs:					
Cart Tagging & Recycling Education Campaign	n/a	CW38265	-	1,895	5
Total North Carolina Department of Environmental Quality			-	1,895	5
<b>North Carolina Attorney General:</b>					
Passed through the Golden LEAF Foundation:					
1998 Master Settlement Agreement (tobacco companies)	n/a	FY2021-144	-	148,896	-
Total North Carolina Attorney General			-	148,896	-
<b>North Carolina Department of Natural and Cultural Resources:</b>					
Direct Programs:					
NC Parks and Recreation Trust Fund Accessibility for Parks	n/a	2023-1048	-	231,011	57,753
Total North Carolina Department of Natural and Cultural Resources			-	231,011	57,753
<b>North Carolina Department of Information Technology, 911 Board:</b>					
Direct Programs:					
Portable Radio PSAP Grant	n/a	PR2024-82	-	29,166	-
Total North Carolina Department of Information Technology, 911 Board			-	29,166	-
<b>North Carolina Office of Management and Budget:</b>					
Direct Programs:					
Special Appropriations 911 Center Upgrades	n/a	11062	-	354,134	-
Total North Carolina Office of Management and Budget			-	354,134	-
<b>North Carolina General Assembly:</b>					
Passed through the North Carolina Biotechnology Center	n/a	2022-PDG-3905	-	175,000	-
Passed through the North Carolina Amateur Sports, Youth Sports Grant Committee	n/a	n/a	-	2,085	-
Total North Carolina General Assembly			-	177,085	-
<b>Total State Awards Expended</b>			\$ -	\$ 1,513,759	\$ 57,758
<b>Total Federal and State Awards Expended</b>			\$ 9,077,479	\$ 1,513,759	\$ 3,361,280

## TOWN OF HOLLY SPRINGS, NORTH CAROLINA

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2025

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#### **Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the Federal and State grant activity of the Town of Holly Springs, North Carolina under the programs of the federal government and the State of North Carolina for the year ended June 30, 2025. The information in this SEFSA is presented in accordance with the requirements of *Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act*. Because the Schedule presents only a selected portion of the operations of the Town of Holly Springs, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Holly Springs.

#### **Note 2: Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Town of Holly Springs has elected to not use the 10-percent de minimis indirect cost rate under the Uniform Guidance.

#### **Note 3: Subrecipients:**

During the fiscal year ended June 30, 2025, the Town did not pass through any federal awards to subrecipients. Therefore, there are no subrecipient expenditures reported in the Schedule of Expenditures of federal and State Awards.



Prepared by the Town of Holly Springs Finance Department