

**FY2023 Hospitality Tax Small Capital Projects Funding**

**Proposer: Town of Holly Springs**

**RFP #: 23-003**

**Proposal Closing Time & Date: 3:00 PM on January 26, 2023**



# HOLLY SPRINGS

*North Carolina*

## FY2023 Hospitality Tax Small Capital Projects Funding

### Cass Holt Road Recreation Facility and Athletic Park



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## Town of Holly Springs: Cass Holt Road Recreation Facility and Athletic Park

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### Attachments

- A. Holly Springs' Vision and Strategic Priority Areas
- B. Cass Holt Road Park Master Plan
- C. Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022



January 5, 2023

Melissa England  
Wake County Finance Procurement Services  
Wake County Justice Center, 2nd FL, Ste 2900  
301 S. McDowell Street  
Raleigh, NC 27601

Dear Ms. England:

On behalf of the Town of Holly Springs, it is a great pleasure to transmit the enclosed proposal in response to the RFP for Hospitality Tax Small Capital Projects Funding. Funding will support the construction of a state-of-the-art, indoor recreation center and athletic park in line with the Greater Raleigh Sports Alliance's inventory needs.

In 2020, the Town of Holly Springs acquired a former 56-acre farmstead across the street from Holly Springs High School on Cass Holt Road for use as future park. Initially intended to address inequities in parks and recreation resources available to the rapidly growing residential population in the southwest part of town, Cass Holt Road Park has also become an opportunity to add critical resources to Wake County's indoor athletic facility inventory and drive revenues in hospitality taxes from day and overnight visitors.

The Town of Holly Springs is confident - with interlocal funding support and in partnership with the Greater Raleigh Sports Alliance - we will be able to meet the goal of providing a quality sporting event venue to attract visitors and increase overnight and tourism spending in the county while also offering a quality of place amenity to local residents during non-event times. Should you have any questions or require additional information, please contact LeeAnn Plumer, Parks & Recreation Director, at [leeann.plumer@hollyspringsnc.gov](mailto:leeann.plumer@hollyspringsnc.gov) or 919-577-3127.

Thank you for your consideration.

Sincerely,

Sean Mayefskie  
Mayor

Randy Harrington  
Town Manager

**Town of Holly Springs**

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## 1.0 EXECUTIVE SUMMARY

The Town of Holly Springs has established itself as a regional leader in the development and operation of youth athletic facilities and host to various sporting events. As one of the early adopters of offering artificial turf fields and with the completion of the multi-sport complex, Ting Park, Holly Springs has been able to attract regional youth and national collegiate and amateur sports that help support day and overnight trips to Wake County. With the growth in southwest Wake County, Holly Springs believes it is the right municipality to help further develop sports tourism in Wake County.

Holly Springs proposes to finance, construct, maintain and operate a state-of-the-art indoor recreation center and athletic park with a goal to attract and host youth and amateur sporting events in Wake County. The facility would also provide a much-needed indoor recreational facility to serve Wake County residents and meet many of the goals of the Greater Raleigh Sports Alliance (GRSA) Destination Strategic Plan (DSP).

### **Holly Springs is Prime**

In recent years, Holly Springs has become a global biomanufacturing hub, attracting businesses such as Amgen and Fujifilm Diosynth Biotechnologies, bringing in investment of more than \$3B, and creating more than 1,000 jobs. The interest in these companies to locate in Holly Springs is due in part to the quality of life amenities and unique experiences offered here. Such examples can be demonstrated through regional events and tournaments at Womble and Ting Parks like the D1 and D2 college baseball exhibition events, the Coastal Plain League World Series, and the NC High School Athletic Association Championships (tennis and baseball).

The program for the Holly Springs recreation center and athletic park on Cass Holt Road will build upon that momentum by providing the space and desired amenities to allow for exceptional tournament experiences for both the athletes and visiting spectators. A complement to the existing and planned facilities in Wake County, the four-court recreation center and athletic park will attract new mid-size tourism events that drive day and overnight visitors to the hotels and restaurants in the growing southwest region of the County.

The Town of Holly Springs is financially sound and, with voter approval, will be able to finance the Cass Holt Road Park project at the lowest possible cost to taxpayers. The Town bond rating is AAA with Standard and Poor's and Aa1 with Moody's Rating Services. The North Carolina Municipal Council has the Town's rating as an "83", which is comparable to a rating of "A+/A1" by the national rating agencies.

**Experienced Team**

Holly Springs Parks and Recreation will be the lead team for the construction, operation and maintenance of the athletic facility and park. The Town's Utilities and Infrastructure (formerly Engineering) Department will partner on the construction management of the project. The project team will further consist of CLH Design and Davis Kane Architects as consultants for the project. They are currently under contract for design development for the park. Holly Springs has extensive experience with large construction projects including athletic facilities as evidenced with the Ting Stadium and Park project.

Holly Springs currently works closely with various partners including the GRSA for recruitment of regional athletic events for Ting Park and Womble Park and will continue to do so in order to meet the goal of attracting new tournaments and events to this facility.

**Facility Description**

A state-of-the-art, indoor recreation center and athletic park are proposed to be financed, constructed and operated by the Town of Holly Springs. Easily accessible from NC-55, the new center will be located across from the Holly Springs High School on Cass Holt Road in one of the fastest growing sections of the Town.

The recreation center facility will feature four (4) large gymnasiums to accommodate four (4) high school regulation basketball courts and eight (8) volleyball courts. It will be designed with maximum flexibility for additional activities, including pickleball, wrestling, gymnastics and martial arts events and tournaments. High quality facility amenities, including team locker rooms, spectator seating, food and beverage service, public WIFI, and ample parking, will provide for superior experiences for athletes and spectators alike. The surrounding athletic park will provide additional warm up and team gathering spaces and engaging recreational activities for guests awaiting tournament play.

The park will feature two multi-purpose artificial turf fields, bringing Holly Springs to a total of six (6) turf fields for regional soccer, lacrosse and other field sport tournaments. Additional outdoor sports courts with athletic lighting are also planned.

<b>Total Park Size</b>	56 acres
<b>Total Recreation Facility Size</b>	93,000 SF
<b>Artificial Turf Field Size</b>	211,000 SF
<b>Projected Recreation Facility Cost</b>	\$29,000,000
<b>Total Project Cost</b>	\$63,500,000+

### Other Amenities

- Food service on-site
- Tech lobby/e-gaming space
- Two outdoor basketball courts with lights
- Six outdoor pickleball courts with lights
- Large plaza for gathering and spectator space

LeeAnn Plumer, Director of Parks and Recreation, will be the primary contact for the project. LeeAnn can be reached at [leeann.plumer@hollyspringsnc.gov](mailto:leeann.plumer@hollyspringsnc.gov) or 919.577.3127.

## 2.0 SCOPE OF PROJECT

Communities across the country know the sizable positive economic impact sports tourism can make when the right facilities are present and available to attract highly desired events and tournaments. Holly Springs proposes to help fill the venue gap with indoor multi-purpose courts and outdoor turf fields. These assets will encourage and support new events, in turn driving spending at local hotels and restaurants and ultimately contributing to the region's room occupancy and prepared food and beverage tax income.

### 2.1 Analysis of Demand and Anticipated Persons Served

The project proposed by Holly Springs will add a four-gymnasium indoor recreation facility and two outdoor artificial turf fields to the Wake County inventory. Per the GRSA Destination 2028 Strategic Plan, additional indoor facilities are needed to elevate the county as a competitive sports tourism destination for both basketball and volleyball. This size facility allows the GRSA to compete for high-value tournaments and draw important hospitality dollars into our community. This facility size is also right for wrestling, martial arts, pickleball, and gymnastics competitions, for which GRSA is seeing growing demand.

While Wake County has indoor venues currently available or planned, they tend to be on the smaller or larger size, often either not flexible enough or cost-prohibitive for some mid-size events. The indoor facility proposed by Holly Springs will help fill the mid-size gap to attract those events not suitable for the current inventory. Large facilities like the Raleigh Convention Center or the future Cary Centre are prime for hosting mega tournaments, leaving an untapped market for mid-size and otherwise impactful events that are best suited to a facility of Cass Holt Road Parks' size. In keeping with Wake County's brand of attracting high-quality sporting events for its outdoor tournaments, an offering of six artificial turf fields - two new at Cass Holt Road Park and four existing at Ting Park - are expected to attract new tournaments.

In addition to sports tournaments, the facility will fill a void for Holly Springs' residents. With a population of over 47,000 residents, Holly Springs is the 5th largest municipality in Wake County and the 24th largest in NC. In the past decade, Holly Springs experienced 67% growth, greatly outpacing the County average of 25% to add nearly 22,000 new residents.<sup>1</sup> This growth trend is predicted to continue into the future.

Based on average use of existing Holly Springs parks and facilities as measured in the Town's 2020 Parks and Recreation Master Plan survey, the indoor facility is anticipated to serve 54% of residents or 25,380 annually, and the new park will serve 69% of residents or 32,500 annually. These estimates do not include tournament and event visitors, teams or spectators, which will add 104,302 visitors annually.

## 2.2 Effectiveness in Addressing Community Need and Viability

As mentioned previously, the County's existing inventory is lacking in mid-size indoor court facilities to attract events that support the overnight visitation and food and beverage tax generation. Per the DSP, Wake County has determined that gaps with indoor athletic facilities still exist in the region.

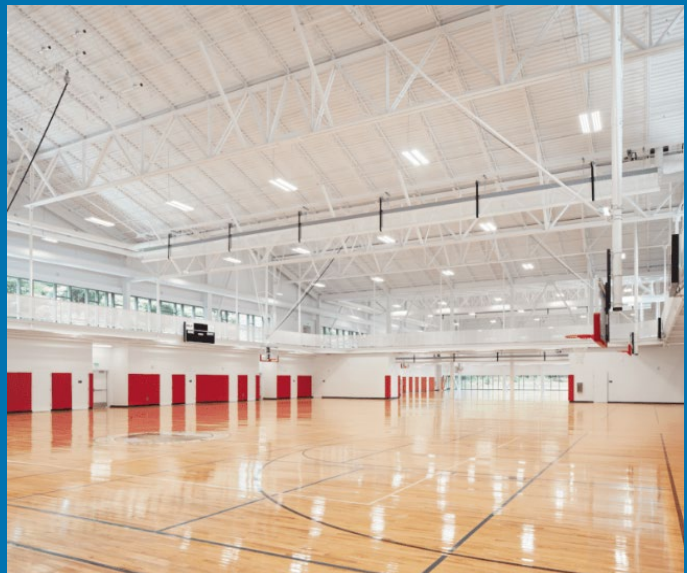
Analyzing past tournament bookings, current tournaments available for bid, and an assessment of current and future trends in youth and amateur sports, an indoor facility designed with flexibility and positive-user experiences would help grow the opportunities in Wake County. A facility that can successfully accommodate a variety of activities would advance the County's goal of attracting regional events and sports tourism. Using this information and with input from GRSA, Holly Springs is proposing a facility to fill that gap.



<sup>1</sup> <https://www.wakegov.com/departments-government/planning-development-inspections/planning/census-demographics/growth-and-population-trends>



The anticipated 93,000 square foot indoor facility and associated outdoor athletic fields will be complemented with support features that will appeal to athletes and spectators including shower/locker rooms, team meeting rooms, on-site food and beverage service, public WIFI, and adjacent parking. The facility amenities will be designed to meet the requirements for regional tournaments for court sports and other indoor athletic events. The goal is to offer exceptional experiences in keeping with Wake County's regional commitment as a youth and amateur sports destination.



The project is effective in addressing the local community need for indoor recreation facilities as well. Holly Springs currently has one (1) indoor sports court located at the Hunt Recreation Center. The vision for Cass Holt Road Park was specifically to place additional recreational facilities in an underserved location in the Town and to add facilities to meet the demand of current residents due to the Town's explosive growth. Local use will meet the need of youth and adult recreational leagues, use for private teams and drop-in use for health and fitness in the southwest region of the county. This complementary use will ensure year-round and highest return on investment for Wake County and the Town of Holly Springs.

With the current and expected continuation of growth in the region and in youth sports, delays in the project will not impact its viability. It is anticipated that GRSA will be able to utilize the facility as soon as it is available to meet the growing demand for sports tourism venues.



### **2.3 Need for County Investment**

The County's capital investment in the project will allow the Town to construct a four-gymnasium facility with four (4) high school regulation basketball courts and eight (8) volleyball courts, which is in line with the sports tourism inventory needs. The indoor facility is the single most expensive component of the Cass Holt Road Park, comprising nearly 50% of the total cost. Without County funding, the number of courts will be reduced to meet the immediate and near future need of Holly Springs residents, allowing the budget to be reduced to fit within the anticipated voter-approved parks bond.

The Town of Holly Springs requests interlocal funding support of \$3.5M. This amount comprises 5.5% of the total park cost and is well below the Wake County 45% cap.

### **2.4 Data to Support Positive Hospitality Tax Revenue**

As noted in Section 6.0, the indoor facility is expected to host 40 new out-of-market tournaments and sporting events per year. Hotel and food and beverage spending by out-of-town visitors is projected to have a positive economic impact of \$6,584,369 annually. The associated tax receipts for the hospitality tax fund is \$231,897 per year.

Projections are based on data provided by GRSA from the operating model that follows current GRSA tournament and visitor attendance for tournaments and events for like-sized facilities and the expectation of additional outdoor tournaments due to additional turf-field availability.

Holly Springs has historically lacked overnight accommodations due to limited in-town hotels. That is no longer the case. In addition to the Hampton Inn, a new Holiday Inn Express is expected to open in spring of 2023, and two other hotels are working with the Town's Economic Development team for location consideration. The new hotels and increase in number of rooms in the southwest section of Wake County, paired with the opportunity to attract and host out of town visitors for sports related tourism, will generate a significant increase in hospitality tax revenues.

### **2.5 Collaboration with Other Organizations**

During the master plan process for the park and facility project, several stakeholder groups were engaged. The Community Stakeholder Group involving the park's adjacent property owners and Wake County School representatives met virtually on August 31, 2021. Attendees received an introduction to the project and an explanation of the master plan process. This was followed by a group discussion to hear any concerns or comments regarding the future park.

In the design phase of Cass Holt Road Park and the associated indoor facility, engagement with the previous stakeholders will continue and new stakeholders, including affected and interested government agencies, nonprofits, and private sector partners, will be involved. This input will be used to ensure the park and facility will achieve outcomes for lasting public interest and positive user experiences.



## **2.6 Community Engagement Efforts**

During the master planning process, the Town and consultants from CLH Design and Davis Kane Architects informed and engaged the citizens of Holly Springs to develop a final masterplan and vision for the park. Efforts included a dedicated project website, social media outreach, surveys, and community meetings.

### **Project Website**

The Town initiated a project website, <https://www.hollyspringsnc.us/2316/Cass-Holt-Road-Park>, to keep the community informed of the master plan process, provide updates, and promote involvement. The website provided links to the survey questions and results, evolution of the concept plan, and contact information. This online platform served as an integral part of the master plan planning process by providing the community access to project documentation.

### **Social Media Outreach**

Project updates, public events, and announcements were posted on Twitter and Facebook throughout the planning process and community input gathering phase of the project. This also included on-site coverage from a local television station for the park's Community Day.

### **Community Input Survey**

The first online community input survey was delivered in fall 2021. Responses were received from 1,152 participants who engaged in providing feedback to assist in designing the initial concept plans. Distributed a year later in fall 2022, the second input survey focused on initiating public input on the three concepts developed, which further helped the design team to understand the community's needs and interests. There were 759 participants contributing to the survey, and the results assisted the team in further refining the master plan components.

### **Public Meetings**

The first public participation meeting was conducted virtually on September 8, 2021 with a presentation introducing the project team, project overview, master plan process, and site analysis, followed by examples of what could be the park's "vision" or "feel". The examples were categorized into three headings: Nature and Exploration; Action, Fitness, and Play; and Community and Celebration. Polling questions were asked with the results shown immediately to those participating in the meeting. These questions centered on the public's preference of overall site use and their expected user groups.

The second public meeting took place during the November 6, 2021 "Community Day," an event on-site at the Cass Holt Road Park location to get direct feedback on the developed concepts, and provide the attendees an

opportunity to tour the park property. The Town and design team focused on making the event family-friendly, with food available through a chili cook-off (hosted by the police and fire departments), yard games, and a hay ride circulating around the park site. The hay ride also provided an opportunity to take event attendees on a tour of the site, to explain some of the programmatic elements of the proposed concepts and how they would fit within the existing park landscape. The Parks & Recreation Department set up a tent to display the three concepts, giving the public an opportunity to ask questions and receive clarification. Approximately 300 people attended the event, which also received coverage from WRAL news.

### **Beneficiaries**

Beneficiaries of the project are the 47,231 residents of Holly Springs who are currently underserved by indoor athletic facilities in the Town, and, in turn, do not have access to recreation programs that are hosted at such a facility. The Town's Planning Manager anticipates the population of Holly Springs to exceed 50,000 in 2023. The number of beneficiaries will continue to grow as the park is under construction, and a larger number of residents will be served upon opening. The current residential population ranks Holly Springs as the fifth largest of Wake County's 12 municipalities. While Holly Springs is a relatively affluent community, a parks bond will place the financial burden of the capital costs on the town's residential and commercial property owners.

### **2.7 Ability to Attract Visitors and Provide a Quality of Life Amenity to Residents**

Based on the DSP's identified needs, the proposed indoor facility and sports park amenities would be an attractive and needed venue for Wake County. Holly Springs has a proven history of attracting visitors and providing positive experiences at Ting Park and Stadium as well as with the national performances held at the Holly Springs Cultural Center. Over 650,000 visitors (both local and out of town) attended a tournament, game or event at Ting Park in 2021.

Working closely with the GRSA, it is expected that an indoor court facility and additional outdoor turf fields will be well marketed and desirable for the hundreds of youth and amateur sports programs in the region and across the nation. With greater Raleigh winning the 2022 Best Host City for sporting events by SportsTravel Magazine and with Sports Business Journal reporting \$39.1 billion in direct spending impact of amateur and youth sports tourism, it is known that the greater Raleigh region will continue to benefit if it is prepared with suitable venues.

As previously mentioned, programming for the park and facility is expected to be highly utilized by local residents during non-tournament and event times. Park amenities such as outdoor pickleball and basketball courts, a splash pad, playground, picnic shelters and others will complement the use for both visitors



and local residents. The year-round availability, high-quality design, and the variety of components reinforces its viability as a quality of life amenity in southwest Wake County.



## **2.8. Consistency with Wake County Room Occupancy and Prepared Food and Beverage Operating Principles**

This project is consistent with many of the Wake County Room Occupancy and Prepared Food and Beverage Operating Principles. This well-thought-out park and facility will support and attract significant sports tourism activities which will drive overnight visitation to fill a gap in venue availability and support the new hotels and other hospitality businesses planned in Holly Springs and southwest Wake County.

The facility will be operated by a qualified municipal staff team with proven experience in event management. The park and facility are planned to fulfill economic development goals and enhance quality of life experiences for both visitors and local residents. Working closely with GRSA, the Town is able to build, market and operate a successful sports and recreational destination. Coupled with the Wake County principles, the Town of Holly Springs vision and core strategy is aligned to serve and provide value both locally and regionally. Holly Springs' Vision and Core Strategic Areas are included as an attachment. Working collectively, the proposed facility will be successful at attracting overnight visitor stays and provide a new quality of place amenity to southwest Wake County.



## 3.0 PROJECT BUDGET AND FUNDING SOURCES

### 3.1. Sources of Funding and Evidence of Commitment

Source	Year of Commitment	Status of Commitment	Amount	Percentage of Total
Town of Holly Springs 2023 Parks Bond Proceeds	2023	Pending	\$60,000,000	94.5%
Wake County Hospitality Tax Funding	2023	Pending	\$3,500,000	5.5%
Total			\$63,500,000	100%

Ratio of private to public investment is 0:1; this project will be 100% supported with local public dollars.

In November 2023, the Town of Holly Springs will seek voter approval for a \$60M+ parks bond to support construction of Cass Holt Road Park. The Town's past referenda history and the current Wake County municipal experience predict that the bond will be approved. The last Holly Springs parks bond passed in November 2011 with 60% voter approval; in the November 2022 referendum, both the City of Raleigh and Town of Wake Forest parks bonds passed with more than 70% approval.

### 3.2 Schedule of Expenditures

The cost estimate for Cass Holt Road Park, including the indoor recreation facility, was prepared in collaboration with Palacio in March of 2022. A 5% market escalation is included.

Category	Total	FY 2023-24	FY 2024-25	FY 2025-26
Planning and Design	\$5,800,000	\$5,800,000		
Land Acquisition / Right of Way	n/a – previously purchased			
Construction	\$46,000,000	\$6,000,000	\$20,000,000	\$20,000,000
Equipment / Furnishings	\$2,000,000			\$2,000,000
Other – general conditions	\$8,000,000	\$4,000,000	\$4,000,000	
Contingency	\$1,700,000			\$1,700,000
<b>Total</b>	<b>\$63,500,000</b>	<b>\$15,800,000</b>	<b>\$24,000,000</b>	<b>\$23,700,000</b>

### 3.3 Impact on Infrastructure

The estimated project costs take into consideration substantial infrastructure needs including road widening with pedestrian improvements, water/sewer and other utility connections.

## 4.0 PROJECT TIMELINE

The Town acquired the 56-acre site in January of 2020. Since that time, Holly Springs worked with CLH Design and Davis Kane Architects to complete the park master plan which included significant public input and feedback. The Holly Springs Town Council approved the master plan for the park and facility in March of 2022 (see attachment). In summer 2022, staff was given policy direction to move forward with the design development with an anticipated bond referendum in fall of 2023.

Project Action	Start Date	Finish Date
Study and Analysis of Project		Complete
Site Identification		Complete
Land/Site Acquisition		Complete
Architectural/Engineering Studies	Underway; contract approved 12/20/2022	12-18 month timeline; Est. 9/1/2024
Facility Construction	Est. Winter of 2024/2025	Est. Summer of 2026
Equipment Purchase	Winter 2026	Spring 2026
Marketing/Promotion	Spring 2026	On-going

With this project timeline, we anticipate opening the facility to local residents in the summer of 2026 and to tournament and event rentals beginning in the fall of 2026.

## 5.0 PROJECT OPERATING PLAN

### Ten-Year Operating Budget

The Town will follow an operating model similar to the Hunt Recreation Center and Ting Park for this facility. Under the model, the facility is projected to cover the majority of maintenance and operation expenses with rental and program fees. Note: The Town of Holly Springs budgets for athletic league revenue and expenses (youth and adult sport leagues offered by the Town) in a separate budget account and are not reflected in the facility budget.

**Revenue**

The facility will generate revenue from a variety of sources including sponsorships & donations, participation fees, program fees and rental fees. Sponsorships and donations include naming rights and other advertisement/promotional benefits for a paid fee. Program and participation fees are generated by community use. Rental fees are paid by hosts of tournaments and invitational events. The model assumes revenue growth of 2.5% from individual participation and rentals and 10% from sponsorships and naming-rights.

**Expenses**

Just as with the Hunt Recreation Center, Cass Holt Road Park will utilize a mix of full-time, part-time and temporary (seasonal) staff to operate and maintain the facility. The annual escalation for Employee Wages & Benefits assumes anticipated salary and benefit increases. Supplies & Materials includes expenses related to the general operation of the facility. Maintenance & Repair is estimated based on actual experience of other Town recreational facilities and assumes annual increases in the cost of materials and volume of repairs. Utilities include water, sewer, electric, and internet; inflation in expected expenses reflects anticipated increases in consumption and provider costs. Note: Major capital repairs, such as new HVAC systems, lighting systems, etc., will be programmed into the Town's Capital Improvement Project (CIP) budget. The model assumes a 3% annual escalation.

	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>	<b>FY2029</b>	<b>FY2030</b>
<b>Revenue</b>					
Sponsorship/Donations	\$50,000	\$55,000	\$60,500	\$66,550	\$73,205
Participation Fees	\$240,000	\$246,000	\$252,150	\$258,454	\$264,915
Program Fees	\$942,500	\$966,063	\$990,214	\$1,014,969	\$1,040,344
Rental Fees	\$525,000	\$538,125	\$551,578	\$565,368	\$579,502
General Fund Support	\$420,914	\$438,579	\$456,637	\$475,071	\$493,859
<b>Total Revenue</b>	<b>\$2,178,414</b>	<b>\$2,243,766</b>	<b>\$2,311,079</b>	<b>\$2,380,412</b>	<b>\$2,451,824</b>
<b>Expense</b>					
Wages & Benefits	\$1,579,852	\$1,627,248	\$1,676,065	\$1,726,347	\$1,778,137
Supplies & Materials	\$184,062	\$189,584	\$195,271	\$201,130	\$207,163
Maintenance & Repair	\$90,000	\$92,700	\$95,481	\$98,345	\$101,296
Utilities	\$324,500	\$334,235	\$344,262	\$354,590	\$365,228
<b>Total Expense</b>	<b>\$2,178,414</b>	<b>\$2,243,766</b>	<b>\$2,311,079</b>	<b>\$2,380,412</b>	<b>\$2,451,824</b>
	<b>FY2031</b>	<b>FY2032</b>	<b>FY2033</b>	<b>FY2034</b>	<b>FY2035</b>
<b>Revenue</b>					
Sponsorship/Donations	\$80,526	\$88,578	\$97,436	\$107,179	\$117,897
Participation Fees	\$271,538	\$278,326	\$285,285	\$292,417	\$299,727
Program Fees	\$1,066,352	\$1,093,011	\$1,120,336	\$1,148,345	\$1,177,053
Rental Fees	\$593,989	\$608,839	\$624,060	\$639,662	\$655,653
General Fund Support	\$512,974	\$532,386	\$552,058	\$571,947	\$592,005
<b>Total Revenue</b>	<b>\$2,525,379</b>	<b>\$2,601,140</b>	<b>\$2,679,174</b>	<b>\$2,759,550</b>	<b>\$2,842,336</b>
<b>Expense</b>					
Wages & Benefits	\$1,831,481	\$1,886,426	\$1,943,019	\$2,001,309	\$2,061,349
Supplies & Materials	\$213,378	\$219,780	\$226,373	\$233,164	\$240,159
Maintenance & Repair	\$104,335	\$107,465	\$110,689	\$114,009	\$117,430
Utilities	\$376,184	\$387,470	\$399,094	\$411,067	\$423,399
<b>Total Expense</b>	<b>\$2,525,379</b>	<b>\$2,601,140</b>	<b>\$2,679,174</b>	<b>\$2,759,550</b>	<b>\$2,842,336</b>

## Management

A dedicated full-time manager will lead the management of the facility at Cass Holt Road Park. Reporting to the Director of Parks and Recreation, the manager will have knowledge of sports facility operations as well as experience with managing employees and contractors. An educational background in parks and recreation as well as Certified Park and Recreation Professional (CPRP) credentials will be preferred qualifications.

## Marketing

The Holly Springs Parks and Recreation Department employs a dedicated marketing staff who will be responsible for marketing the Cass Holt Road Athletic

facilities at conferences and to relevant organizations. We will continue to partner with GRSA to market the facility to events that will be a good fit, and GRSA has already committed to including Cass Holt Road Park in its bids for appropriate tournaments and events.

### **Facility Maintenance**

Daily facility maintenance along with episodic renovation and improvement will be managed by the Town of Holly Springs. The Town has a skilled maintenance staff and relationships with contractors to conduct routine maintenance and service repair needs; new staff and expanded contract relationships will be added to accommodate the needs of Cass Holt Road Park. Minor improvements and major renovations will be programmed into the Town CIP. The CIP provides a five-year planning window for upcoming expenses. This timeframe ensures that management staff are anticipating facility needs and that funding will be in place.

The audit for the fiscal year ending June 30, 2022 is provided as an attachment.

## **6.0 ESTIMATES ON VISITORS**

### **Visitor Projections**

GRSA Director Tori Collins provided estimates on the number of annual events and visitor attendance to be expected from basketball and volleyball tournaments to be hosted at the proposed Cass Holt Road Park indoor athletic facility. The chart below reflects her guidance and accounts for 50% of the anticipated total events.

The “Other Tournament Uses” category accounts for a wide range of audiences and are estimated at 20 per year. In addition to basketball and volleyball facilities, Ms. Collins advised that she is seeing growing demand for wrestling, martial arts, pickleball, and gymnastics competition rentals, all of which she feels would be a good fit for the proposed Cass Holt Road Park indoor facilities. Additionally, we anticipate hosting Wake County School's championship events for indoor high school sports; the Town currently hosts those events for baseball and tennis. The Town is at capacity for outdoor turf field tournament rentals at Ting Park. We expect to attract new or expanded soccer, lacrosse and other field sport events to be hosted at the Cass Holt Road Park fields. The overnight and day visitor figures for this category were estimated from the data provided by GRSA for basketball and volleyball and staff knowledge of current visitor audiences.



	Number of Events Annually	Overnight Visitors Per Event	Day Visitors Per Event	Total Overnight Annually	Total Day Visitors Annually
Basketball -2 Day Tournament	6	1,800	550	10,800	3,300
Basketball -3 Day Tournament	4	1,800	550	7,200	2,200
Volleyball - 2 Day Tournament	6	2,000	587	12,000	3,522
Volleyball - 3 Day Tournament	4	1,660	660	6,640	2,640
Other Tournament Uses	20	2,000	800	40,000	16,000
<b>Total Annually</b>	<b>40</b>			<b>76,640</b>	<b>27,662</b>

**Annual Economic Impact.** Using the formulas provided in *Attachment 4: Visitor Estimates and Return on Investment*, the estimated annual economic impact for the first seven (7) years of operation after completion of the park facility is \$46,090,581.

	Overnight Visitors Annually	Day Visitors Annually	Total
Food & Beverage Spending	\$2,682,400	\$580,902	\$3,263,302
Room Occupancy Spending	\$3,321,067		\$3,321,067
Total Annually			\$6,584,369
<b>Total First 7 Years</b>			<b>\$46,090,581</b>

**Return on Investment.** Using the formulas provided in *Attachment 4: Visitor Estimates and Return on Investment*, the estimated return on investment of the County's investment based on occupancy, prepared food and beverage taxes collected is 15 years.

	Overnight Visitors Annually	Day Visitors Annually	Total
Food & Beverage Tax Revenue	\$26,824	\$5,809	\$32,633
Occupancy Tax Revenue	\$199,264		\$199,264
<b>Total Annually</b>			<b>\$231,897</b>
<b>ROI</b>			<b>15 Years</b>

## 7.0 ORGANIZATIONAL INFORMATION

### 7.1 Organization Background

The Town of Holly Springs has been incorporated since 1877 with land area at almost 20 square miles. The current population is over 47,000 and growing. Holly Springs boasts many accolades including ranking as the #1 Safest City in North Carolina by both Safewise.com in 2021 and HomeSnacks.net in 2020.

During the past 20 years, Holly Springs has transformed itself into one of the most attractive communities in the Research Triangle region. While home to small businesses, national and global firms, Holly Springs remains a family-centered community with abundant ways to live, work and play.

The Town of Holly Springs has a Council-Manager form of government with a Mayor and five-member Town Council. The members are:

- Mayor Sean Mayefskie
- Mayor Pro Tem Daniel Berry
- Council Member Shaun McGrath
- Council Member Timothy Forrest
- Council Member Danielle Hewetson
- Council Member Aaron Wolff

The Town has 415 authorized full-time employee positions.

The following administrators are appointed by Town Council: Town Manager Randy Harrington, Town Clerk John Schifano, and Town Clerk Linda McKinney.

Randy Harrington, as the Town Manager implements the Town's strategic plan as envisioned and directed by the Mayor and Town Council and oversees the daily operations of the twelve departments. The Town Manager with two Assistant Town Managers, Legal office and a variety of Senior Leadership Team members will have primary leadership in the development, construction and operation of this new park and facility.



## 7.2 Testimonials

An example of the Town's success in implementing major facilities projects is Ting Park. The park boasts a 4.7 rating on Google and Facebook with nearly 1,000 reviews. Here are what residents and visitors have to say about it:

*"Really nice park for a lacrosse tournament. All turf fields with plenty of room for spectators in the stands out on the fields. Plenty of close parking too."*

*"Outstanding facilities. Rain delayed for heavy rain twice and the grounds crew was in a word, professional! I do not think there is a bad seat in the house. Bathrooms are clean and convenient! Seating is well protected from rain and wind. The field drained fast and we played quickly after a tropical heavy downpour. Parking was plentiful and well planned. This was an excellent choice for the NCAA D3 tournament."*

*"This is a great facility, perhaps the best I've ever been. Both the baseball and soccer fields are immaculate."*

*"Always clean and has free wifi. The kids love the playground and the teens love all the sports fields. A great place to spend a spring or summer day."*

*"We were there watching a friend's son play in a soccer tournament. There are two nice turf soccer fields with a baseball stadium. The stadium was used for an additional field. The baseball field was a combination of grass and dirt (infield). The turf fields really nice."*

*"Great park. They even allow youth sports to play there. An asset to Holly Springs."*

*"Great baseball stadium for taking in America's past time! Great venue for taking young children, close to the action, lots of screen protected seating for young and old alike and good mix of covered and uncovered seating. Well maintained facility with friendly staff, modest concessions, team store, and well-kept restrooms! Come on out and catch a game and enjoy this great local stadium."*

*"It's a very nice, well maintained stadium. There are a lot of kids games for the city league."*

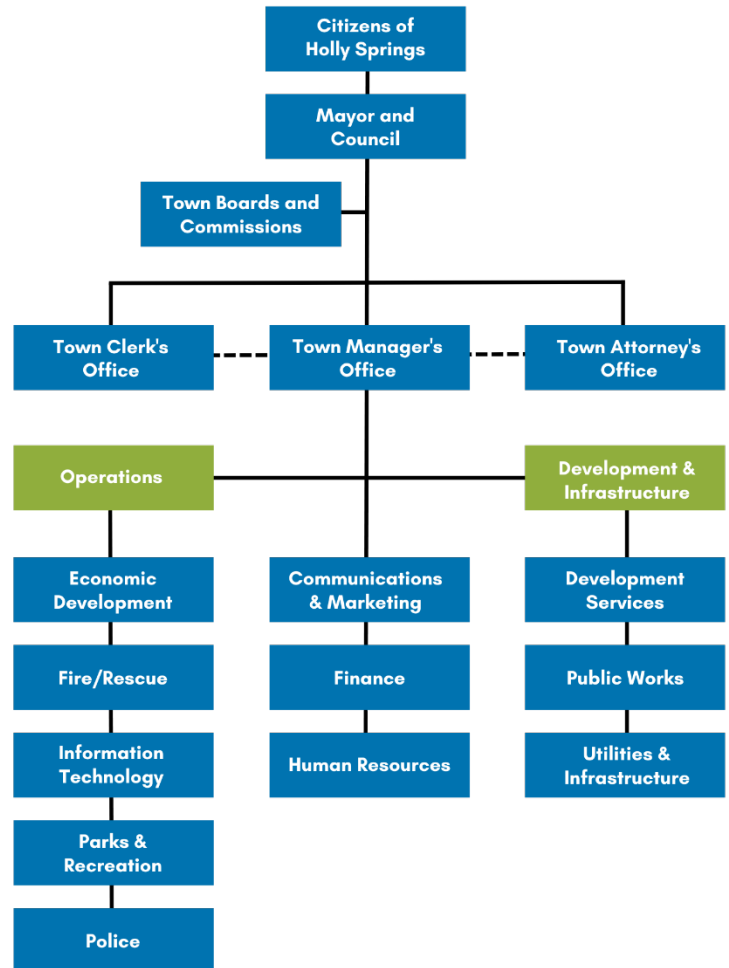
### 7.3 Project Team

Holly Springs will have strong leadership with a depth of experience overseeing the development of this project. The project team will consist of the following key members:

- Daniel Weeks, Assistant Town Manager
- LeeAnn Plumer, Director of Parks and Recreation
- Aaron Levitt, Deputy Director of Utilities and Infrastructure
- Kimberly Keyes, Facilities & Site Project Manager
- Kristen Denton, Parks and Recreation Assistant Director
- Adam Huffman, Parks and Recreation Assistant Director
- Matt Beard, Park Planner
- Rachel Porter, Events & Marketing Coordinator

Departments directly charged with carrying out key roles of the project will be the Town Manager's Office, Parks & Recreation, and Utilities & Infrastructure.

The Holly Springs Town Council will have ultimate approval authority for the expenditure of funds. An organizational chart showing lines of communication and levels of authority is provided.



### 7.4 Similar Projects

The Town of Holly Springs has constructed and maintains a number of public recreation sites and facilities. The most similar to this project described in this proposal is Ting Park, Holly Springs' premiere athletic complex hosting numerous athletic and community events each year.

Ting Park offers a place for Holly Springs Parks and Recreation athletic programs, community sports leagues and rentals, concerts and community events as well as collegiate summer soccer and baseball. Ting Park facilities include:

- Ting Stadium - Ting Stadium is an 1,800 seat multi-sport stadium with synthetic turf field. The facility is used by town recreational football, baseball, and soccer programs; Holly Springs Salamanders collegiate

summer baseball; Wake Fútbol Club collegiate summer soccer; and for rentals, concerts, festivals and other events. Amenities include:

- Bullpens
- Batting Cages
- Ticket Office
- Concessions
- Press Box
- Home and Visitor Team Locker Rooms
- Umpire Locker Room
- Training Room
- State-of-the-art Digital Scoreboard and Sound System
- Professional-quality sports lighting
- Soccer Center - Synthetic turf soccer fields are used by Town Parks and Recreation programs, rentals, and is the home field for the Wake Fútbol Club. Amenities include: Synthetic turf soccer fields that can accommodate two regulation size fields, four U10 fields, or four U12 fields all with professional-quality sports lighting.
- Tennis Complex – Eight (8) regulation tennis courts and four (4) youth-sized tennis/pickleball courts.

## **7.5 Conflict of Interest**

The Town of Holly Springs has no contractual relationships with any organizations that would present a real or apparent conflict of interest with a Wake County partnership to construct Cass Holt Road Park.

## **7.6 Pending Litigation**

Below is a list of pending litigation. The Town of Holly Springs has no current or pending governmental or regulatory action.

### Meritage Homes of the Carolinas vs. Town of Holly Springs (20-CVS-14511)

- (a) Nature of the Case: This is a potential class action against the Town by a builder who paid fees in lieu of park land dedication, filed on December 18, 2020. This case arises out of a N.C. Supreme Court case of *Quality Built Homes, Inc. v. Town of Carthage*, 2016 N.C. LEXIS 650 (2016) holding that certain development related fees are illegal.
- (b) Progress of the matter: The complaint has been filed, the Town has filed an answer, and the parties are currently conducting discovery. The parties are likely to attend Superior Court mediation within the next month.
- (c) Management response: The town is defending this action through outside retained counsel- the Hartzog Law Group. The town, if a settlement is not reached, will seek to defeat the class action status of this claim.
- (d) Evaluation: The Town has collected approximately \$4 million in fees in lieu of parkland dedication during the period covered by the statute of



limitations. The Plaintiffs contend that this was an illegal act and that they are entitled to a full return of this money, plus interest and attorneys' fees. N.C.G.S. § 160A-363(e) expressly authorizes cities to collect fees for parkland dedication to be served by residents in the "immediate area" of the subdivision. The parties are disputing what that term means and whether or not all parks in Holly Springs are in the immediate area of every subdivision. The parties are also disputing whether the use of a formula is required for the calculation of the fee to be charged or if the town may charge a standard flat fee. The Town is vigorously defending this action, However, in the opinion of the undersigned, a more likely outcome is that this case will settle for an amount less than the maximum liability. In the event of a judgment adverse to the town, the liability would be approximately \$4 million plus interests, costs, and attorney's fees. The town's general liability carrier will not indemnify this loss.

#### Bennet Knoll Parkway – New Hill Place Development Agreement

- (a) Nature of the Case: This is not a lawsuit or a contested matter, rather a liability contained in contractually assumed obligation from a November 15, 2011 agreement between Kite Realty New Hill Place, LLC and the Town involving contributions to a developer-installed roadway.
- (b) Progress of the matter: The Developer is currently constructing the roadway, and the town's liability for annual contribution payments of \$50,000 for 20 years will commence upon completion of the roadway.
- (c) Management response: n/a. Payments should be made according to the agreement.
- (d) Evaluation: n/a. This is disclosed for convenience of the auditor.

#### Town of Holly Springs vs. DLWW, Inc and Baker Buildings (21-CVS-7703)

- (a) Nature of the Case: This is a condemnation action for a force main installation to acquire 2240 square feet of property for a sewer line and 26,658 square feet of temporary construction easement.
- (b) Progress of the Matter: A complaint has been filed by the Town and we are awaiting an answer.
- (c) Management response: The Town has a development agreement with a developer (Carolina Springs) to reimburse the costs of the fair market value of this easement.
- (d) Evaluation: Because of the reimbursement agreement, it is unlikely that there will be any financial impact to the Town. The town has collected the appraised value of this easement of \$52,300. In the unlikely event of a jury award in excess of this amount, the Town has a development agreement requiring the developer to reimburse its costs. However, it is possible but unlikely that a jury would return a verdict of fair market value in excess of this amount, and the developer would be insolvent or otherwise unable to reimburse any difference in value.

Town of Holly Springs vs. Woodcreek Neighborhood Assoc. (22-CVS-10208)

- (a) Nature of the Case: This is a condemnation action to acquire approximately 38,582 square feet of land for a greenway easement.
- (b) Progress of the matter: A complaint and answer have been filed and litigation is proceeding.
- (c) Management Response: The town will defend this action and pay the required fair market value for the land taken by the town.
- (d) Evaluation: The town has estimated \$38,583 as fair market value and has deposited with the Clerk of Superior Court. The defendant is denying that this is the fair market value. It is likely that the parties will settle this matter in an amount meeting the town's budgeted funds for this project.

Town of Holly Springs vs. Mata Family LLC. (22-CVS-10210)

- (a) Nature of the Case: This is a condemnation action to acquire approximately 38,977 square feet of land for a greenway easement.
- (b) Progress of the matter: A complaint and answer have been filed and litigation is proceeding.
- (c) Management Response: The town will defend this action and pay the required fair market value for the land taken by the town.
- (d) Evaluation: The town has estimated \$38,977 as fair market value and has deposited with the Clerk of Superior Court. The defendant is denying that this is the fair market value. It is likely that the parties will settle this matter in an amount meeting the town's budgeted funds for this project.

YuJuan Mills vs. James Lee Higgins & Town of Holly Springs (22-CVS-5405)

- (a) Nature of the Case: This is a personal injury action arising out of a rear end collision with one of our police officers (James Higgins) while on duty on December 13, 2019.
- (b) Progress of the matter: A complaint has been filed and the town has filed an answer. The parties are currently conducting discovery.
- (c) Management Response: The town is cooperating with the town's insurance carrier during the litigation. The coverage of the policy is present and likely sufficient to cover any adverse jury award.
- (d) Evaluation: Automobile insurance coverage is likely sufficient. Liability in this matter is not contested.

# ATTACHMENT A: TOWN OF HOLLY SPRINGS VISION AND STRATEGIC PRIORITY AREAS

## Vision

*Holly Springs offers an unmatched quality of life that reflects the joys of small town living in a safe, family-friendly community that residents and businesses are proud to call home.*

## Strategic Priority Areas

**Economic Prosperity & Diversity:** *Holly Springs provides a climate where a wide variety of businesses thrive with economic opportunity for all.*

1. Enhance, attract, and engage diverse economic development opportunities.
2. Create a vibrant downtown center.
3. Seek partnerships to drive economic development.

**Engaged, Healthy & Active Community:** *Holly Springs promotes fulfilling and rewarding lifestyles with abundant, healthy living options.*

1. Develop comprehensive parks and recreation amenity offerings to include a variety of parks, greenways, and recreation facilities.
2. Build partnerships to complement a broad offering of events and programming.
3. Provide a parks and recreation model with sustainable financial cost recovery policies.
4. Protect natural resources and provide healthy opportunities for generations to enjoy.

**Organizational Excellence:** *Holly Springs is a leader in responsible government with a high-performing organization that meets the public service needs of its residents.*

1. As an employer of choice, we will retain and recruit a highly skilled workforce.
2. Leverage technology and innovative business approaches to enhance customer service and improve business efficiencies.
3. Expand community engagement.
4. Ensure financial stewardship.

**Responsible & Balanced Growth:** *Holly Springs will continue to plan for future infrastructure and support a quality, balanced mix of land uses, while preserving its small-town charm, characteristics, and history.*

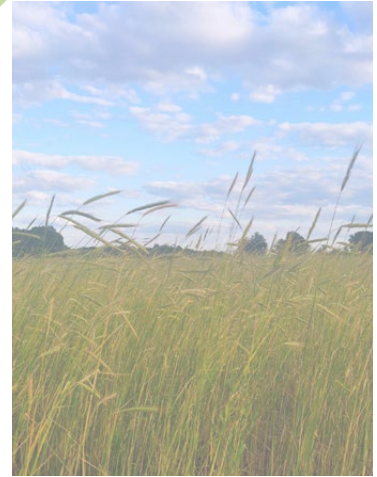
1. Plan, maintain, and invest in sustainable and resilient infrastructure.
2. Support land use planning and policies that provide for sustainable and economic growth while balancing small town characteristics.
3. Establish sustainability and resiliency practices that balance the protection and preservation of historical and environmental assets with fiscal and operational efficiency.
4. Partner with neighbors to promote smart regional infrastructure investments.
5. Leverage Town and regional partners to mitigate resident housing displacement from NCDOT and Town infrastructure projects.

**Safe & Friendly:** *Holly Springs is one of the safest communities in North Carolina with a welcoming spirit and inviting atmosphere.*

1. Maintain the Town's high level of public safety.
2. Plan for adequate public infrastructure that promotes a safe community.
3. Cultivate a creative and friendly atmosphere that is welcoming to all cultures and the diversity of our residents and visitors.

## **ATTACHMENT B: CASS HOLT ROAD PARK MASTER PLAN**

# CASS HOLT ROAD PARK



HOLLY SPRINGS  
*North Carolina*

## MASTER PLAN REPORT

May 2022

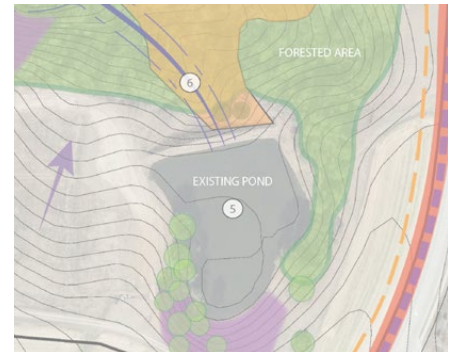


DAVIS KANE  
ARCHITECTS, PA



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# ACKNOWLEDGMENTS

## Parks & Recreation Staff

LeeAnn Plumer, CPRP - Director

Adam Huffman - Assistant Director

Matt Beard, AICP, CPD - Park Planner

## Mayor and Town Council Members

Mayor Sean Mayefskie

Mayor Pro Tem Daniel Berry

Kristi Bennett

Timothy Forrest

Shaun McGrath

Aaron Wolff

## Parks & Recreation Advisory Committee

Susan Smith, Chair

Jason Guetgemann, Co-Chair

Jodi Carey, Secretary

H. Val Atkinson

Stephen Brauer

Christopher Cook

Len Lloyd

Tony McDermott

Scott Warner

**Thank you to all those who  
attended our community  
meetings and public events!**

## PREPARED FOR:

## Town of Holly Springs, North Carolina

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Holly Waterman, Landscape Designer

Dani Lovera, Civil Designer

Y'Hoshua Aal-Anubia, Landscape Designer

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## PROJECT TEAM:



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Project Manager  
Landscape Architect



Zak Pierce, ASLA, PLA, LEED AP  
Principal  
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Holly Waterman  
Landscape Designer



LeeAnn Plumer, CPRP  
Parks & Recreation Director



Matt Beard, AICP  
Park Planner



Jimmy Edwards, AIA  
Architect



# EXECUTIVE SUMMARY

The Town of Holly Springs, and the selected design consultants, CLH design, p.a., and Davis Kane Architects, worked with citizens to develop a master plan for the future Cass Holt Road Park.

The rapidly expanding Town of Holly Springs recognized a need for a public park on the west side of Highway 55. The proposed 56-acre park site is located in the southwest area of Holly Springs, along Cass Holt Road. At the beginning of the master plan process, this area of the Town remained largely agricultural, with an increasing number of housing developments being constructed.

The design team was tasked with assessing the site, developing three conceptual ideas of what the park design could include, and working with Town officials, adjacent landowners, and the citizens of Holly Springs to develop a final master plan and vision for the park.

The first part of the project involved conducting an analysis of the site. This process included gathering information from the Planning and Parks & Recreation Departments, as well as visiting the

property and using GIS data to further assess site conditions.

Once initial input was gathered from community members, neighbors to the park site, and Town officials, three different design concepts were developed for the park. Each concept suggested an assortment of uses for the property, and varied in development intensity, scale, and arrangement of amenities. The Stakeholder groups and local community were provided with opportunities to give feedback, through public input sessions, an event on-site, and public input surveys.

After additional rounds of feedback were gathered, a final concept was created to best reflect the needs and desires of the Town and community. This concept was presented to Town Council and approved in early 2022.

The final concept and master plan will now inform the design process as the team moves into the first phase of design and construction. Priority phasing will be determined as funding is reviewed and the next steps of the project occur.

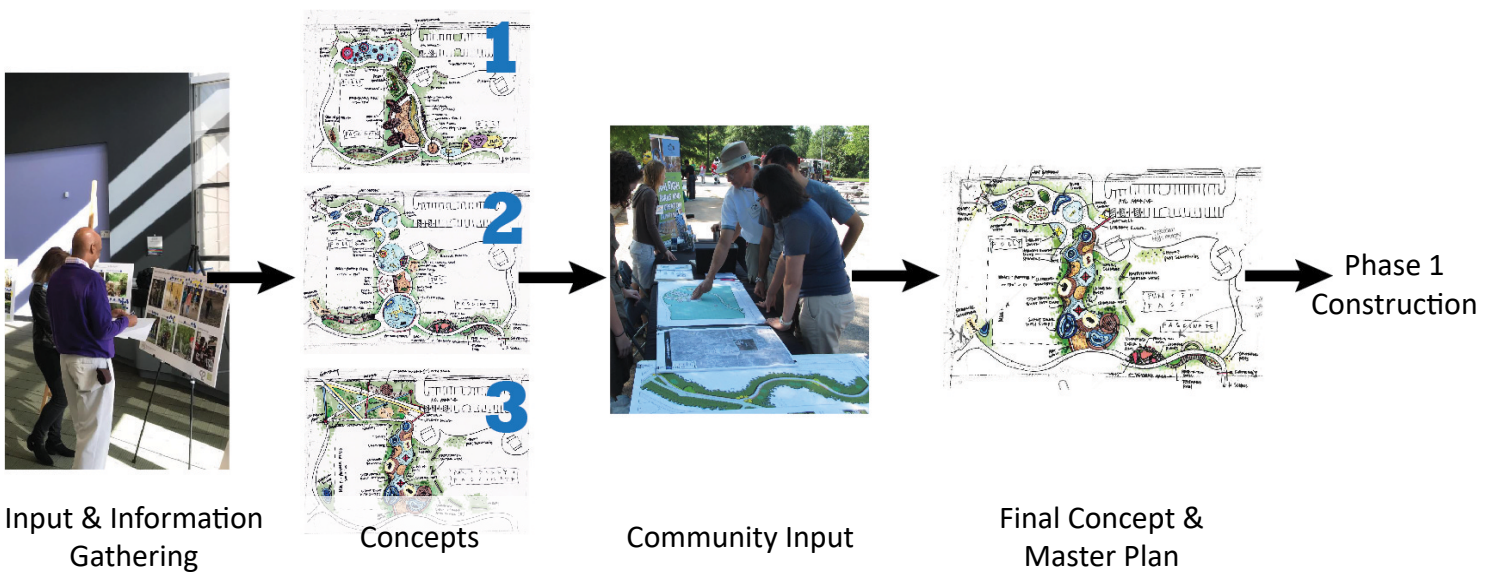




# MASTER PLAN PROCESS

The project began with a thorough analysis of the site and its surroundings. The team visited and walked the park property, observing and documenting site conditions. GIS data was collected to create a site basemap, and Town planning maps (for current and future conditions) were consulted. Preliminary due diligence was also completed, to determine how Town code might affect site

concepts, which were also shared with the public through a variety of platforms. During the concept design phase of the project, the Town hosted a Community Day event on the park property. Activities for children and adults were offered, and information on the park project was displayed for the public to view. The team used this event, as well as an online public survey, to gather feedback



development. This information was all distilled into a site analysis map. Bi-weekly meetings with Town staff were initiated to establish a regular time to discuss the project progress.

An early consultation with site neighbors was essential to the master planning process, so the team held a Community Stakeholder Meeting after gathering this initial data. A public input session followed this, and the feedback gathered from both events was incorporated into the concept design phase.

The team prepared three different concept plans for the park. Each concept explored a different set of ideas and a varying level of impact to the site. A second Community Stakeholder Meeting was conducted to receive input on these three

from the citizens of the Town on the three concept plans. The proposed designs were also presented to Town Council and the Parks & Recreation Advisory Committee. All of these events informed the next phase of the project: selecting and revising a concept plan and creating the final master plan for the park.

Once a master plan draft was completed, the team worked with Town employees to examine cost estimates and construction phasing. Revisions were made to the plan as more feedback was received.

The final master plan was presented to Town Council in March of 2022. The Council approved the plan, allowing the team to prepare for the first phase of design and construction for the park.

# SITE ANALYSIS

## Location

Cass Holt Road Park is located about two miles southwest of downtown Holly Springs, along Cass Holt Road and near its intersection with Avent Ferry Road. Residential properties surround the park site to the north, west, and south. Adjacent properties to the east and northeast include Holly Grove Middle School and Holly Springs High School. The park is located in a quickly growing area of the Town. Agricultural areas surrounding the site are being developed into residential neighborhoods. Other nearby facilities of note include two daycare centers to the north (Children's Lighthouse of Holly Springs and Primrose School at Holly Grove). The site is therefore placed within a hub of early childhood learning and public educational centers.

Due to its relatively close proximity to the downtown core of the Town, only about two miles and a seven-minute drive away, the park site is accessible to many Town residents. Schools, neighborhoods, commerce, and Town support facilities are all within a few miles or a quick drive away. This park site is the first public park in Holly Springs to be located west of Highway 55, the primary corridor currently connecting the Town to the greater Triangle region.

## Existing Plans and Future Analysis

The Town of Holly Springs completed the *"Parks, Recreation, and Greenways Master Plan"* in March of 2021, assessing the current Parks & Recreation resources and anticipating future needs of the

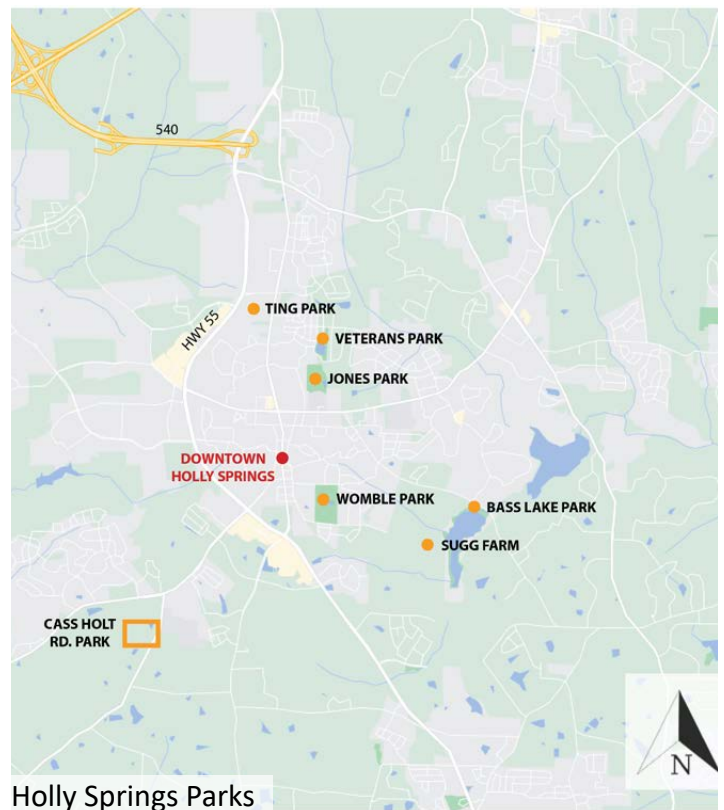


Park Site and Surrounding Landscape





community. Coupled with the other chapters of the Comprehensive Plan, this document identified deficiencies in programming and access to parks, determined priorities of the community, and established a vision for the overall parks system. The plan is applied by the Town to set up evaluation criteria for land purchase and development by mapping ideal park and greenway locations. The data collected is also applied to specific area plans, to assist in creating a program for new Parks & Recreation sites and promoting overall connection to the greater parks network. Through extensive community engagement and analysis of current and anticipated future needs, the studies conducted for the report determined community values that could be used to inform future park decisions. Overall, the Holly Springs community valued environment and nature, health and wellness, and people and community. Connectivity and greenway access emerged as a high priority. An aquatics center and permanent Farmers Market Pavilion were two facilities that the community expressed an overall desire for. Town residents also provided feedback



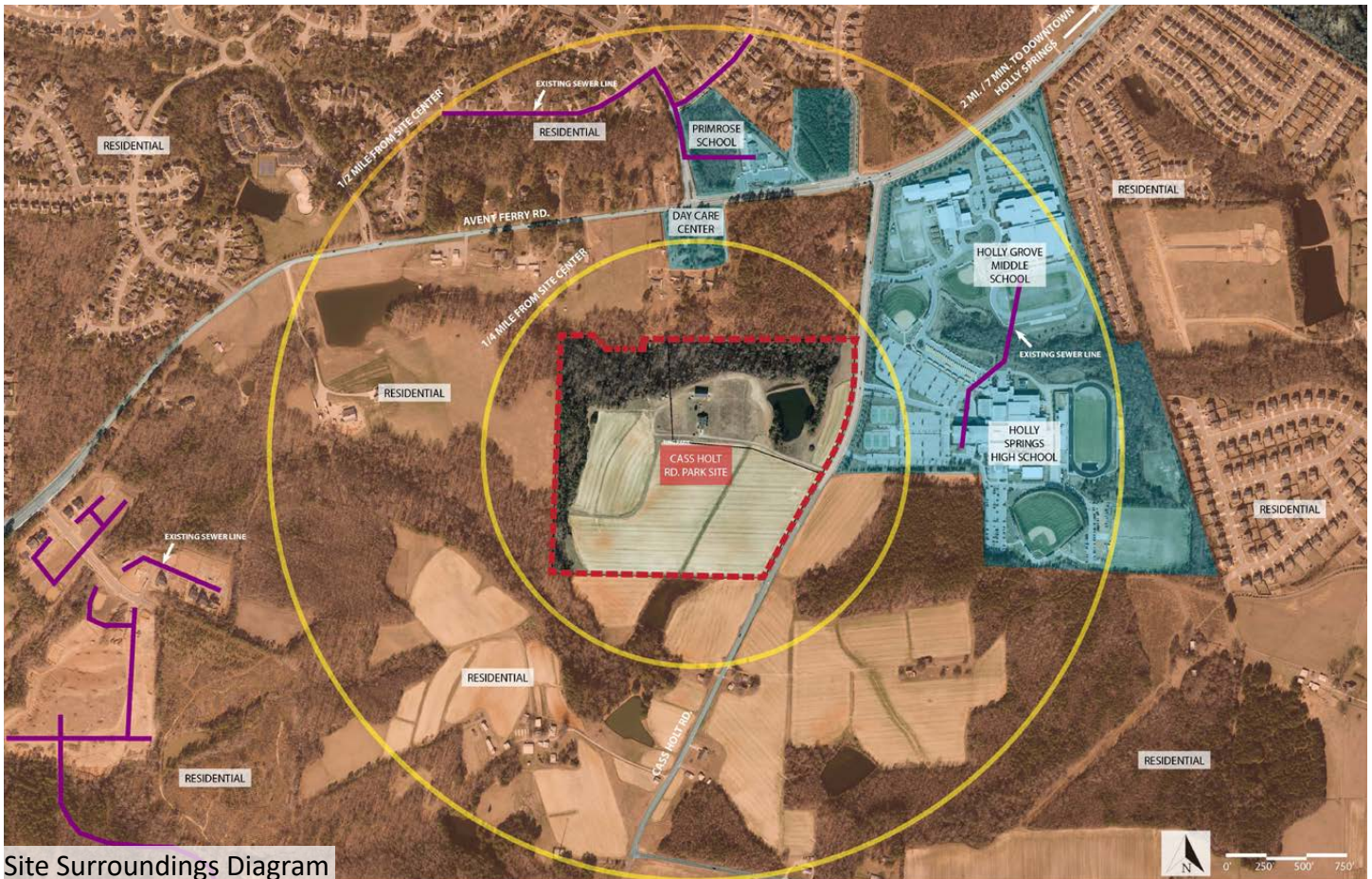
Holly Springs Parks

on the types of programs they would like to see as Holly Springs continues to grow: outdoor movies and concerts, aquatic programs, outdoor adventure, and adult athletics programs. This information provides a basis for data-driven design, and assisted the Cass Holt Road Park design team in distilling community priorities and evaluating potential uses for the park site.

## Zoning and Town Growth

The park property is zoned as RR-Rural Residential. (See the surrounding zoning map on page 28 of the Appendix). It includes two parcels - the 18-acre parcel surrounding the structures and pond, and the 38-acre parcel to the south and west of the former home site. The parcels surrounding the park site are also zoned as RR. SR-Suburban Residential and NR-Neighborhood Residential areas are also nearby. A few of the parcels across Avent Ferry Road to the north are designated as Neighborhood Mixed Use areas. The properties west of downtown are still largely used





as agricultural areas. However, land development is rapidly occurring and changing the landscape and density of this side of Town. The Honeycutt Farm and Valencia developments are two such areas around the site where farmland is being transformed into neighborhoods.

The increasing development on this side of Town necessitates additional park space and pedestrian connections to the downtown area. Holly Spring's Future Greenway Plan shows a proposed greenway connection extending through or along the park site.

## Environmental

The 56-acre Cass Holt Road Park site includes a variety of environmental features. Mature forest, containing a mix of pine and hardwood species, rings the property along the northern and western boundaries. Forest covers approximately 16 acres of the overall 56 acres. The site center remains as an

open field. An existing pond occupies the northeast corner, and is surrounded by clusters of trees, creating somewhat of a vegetated buffer around the water. A perennial stream, part of the Cape Fear River basin, leaves the pond and winds along the northern property boundary. Flood prone soils are present in the areas around the stream.

The topographical high point of the site exists near the center of the open field area. Gentle slopes cascade downward from this point toward the outer property boundaries. Some sections of the site contain slopes greater than 15%, primarily in the wooded areas. A band of steep slopes occur along the northern boundary, as well as in the southwest corner of the property, and along the southern side of the pond. While visiting the site, the design team observed that drainage sometimes travels along the former field paths during rain events, funneling water to the south and west.

The park site experiences prevailing winds



primarily from the northeast and southwest, and ample sun exposure year-round due to the vast open field space. The team also noted an area of respite from unpleasant wind conditions in the northwest corner of the site, along the woods line, where topography and vegetation creates a shield.

As part of the site analysis process, data was gathered on landscape buffer requirements for park site development. According to the Town's Unified Development Ordinance, street trees would be required five feet off of the right-of-way along Cass Holt Road, and five foot wide perimeter buffers would be required along the property lines to the north, west, and south. This initial information was gathered for the site as it is currently zoned - RR, and for the adjacent properties as they are currently zoned - RR. The perennial stream along the northern property boundary would also require a 30' buffer, however, some activity would still be permitted in these areas (according to the "4.8-C Table of Approved Uses" in the Unified

Development Ordinance). Buffer information may need to be updated as the local area evolves.

### Existing Structures

An existing house, constructed in 2001, remains on the Cass Holt Road Park property in the northern parcel. A gravel driveway extends to the house, which also includes a garage and porch features. The two-story structure includes 3,200 sf of heated interior space, and is currently used by the Town primarily as storage space. Behind the house is an enclosed storage building with bathroom and mezzanine levels, at approximately 3,250 sf. To the west of these structures, along the woods line, a small chicken coup enclosure is also remaining. The house and shed remain in overall good condition, however the chicken coup has begun to fall into disrepair. The two primary structures include adjacent septic fields, and an existing well is also present to the east of the house.



Aerial View of Northern Portion of Site





Existing Chicken Coop Structure



Existing Shed - Side View



Existing House



Existing Shed

## Site Analysis

Once site information was collected for the park property, the team analyzed what site elements could provide opportunities and constraints to design. (See the full site analysis map in the Appendix, page 29). The abundance of already-cleared land offers great opportunity for developing the site into a park. The design team decided to prioritize limited construction within the wooded areas of the site in order to preserve the forest ecology and natural buffers. The existing open field space was immediately identified as a potential location for athletics fields and courts, as minimal grading would be required. Consolidating development in the existing open space was also recommended because the forested areas contain

steeper slopes and flood-prone soils, which would create construction challenges. The forests do, however, present opportunities for biking and walking paths, where the tremendous grade change offers exercise benefits.

It was also determined that the pond, and the views from the high point across the site should be preserved and highlighted in the park design. The existing house and shed could limit where development could occur, but could also be repurposed to support other park features. Both building features include septic fields that would need to be assessed, and bringing the buildings up to code would need to be considered if they are to be used in a public setting. The design team decided to explore both removing and preserving these structures when creating different park concepts.



As no public utilities, except electric, exist on site, it was understood early in the process that adding new facilities to the site would require collaboration with the neighboring property owners and the Town. Sewer was one particular concern, as no obvious connection could be determined. The team reassessed this issue during the master plan phase of the project and further exploration of possible solutions is ongoing.

The close proximity of the schools across the street provided a great opportunity to create after-school activities and amenities for kids and teens within the park site. Cass Holt Road receives a fair amount of traffic, and road widening efforts were already part of Holly Spring's development plans. Due to these factors, creating a safe crossing for kids to access the park would be a priority in its design.

The drainage patterns observed on site were already succeeding in channeling runoff water to the edges of the site. Working with the existing grades on site would allow the park design to emulate these flow patterns.

Overall, the site supports flexible design options. With most of the environmental constraints located within the forest along the edges of the site, a majority of the 56 acres is developable and could support a wide variety of park amenities.



Existing Pond

# OUTREACH & ENGAGEMENT PROCESS

Cass Holt Road Park

The master planning process for Cass Holt Road Park involved considerable community engagement, including input surveys, stakeholder meetings, social media outreach, and public meetings. The input received provided significant guidance for what was incorporated into the final master plan. The planning process was comprehensive, incorporating the overall Town Parks & Recreation objectives noted within the *“Town of Holly Springs Parks, Recreation and Greenways Master Plan,”* along with addressing the community concerns for more recreation facilities in the western part of Town.

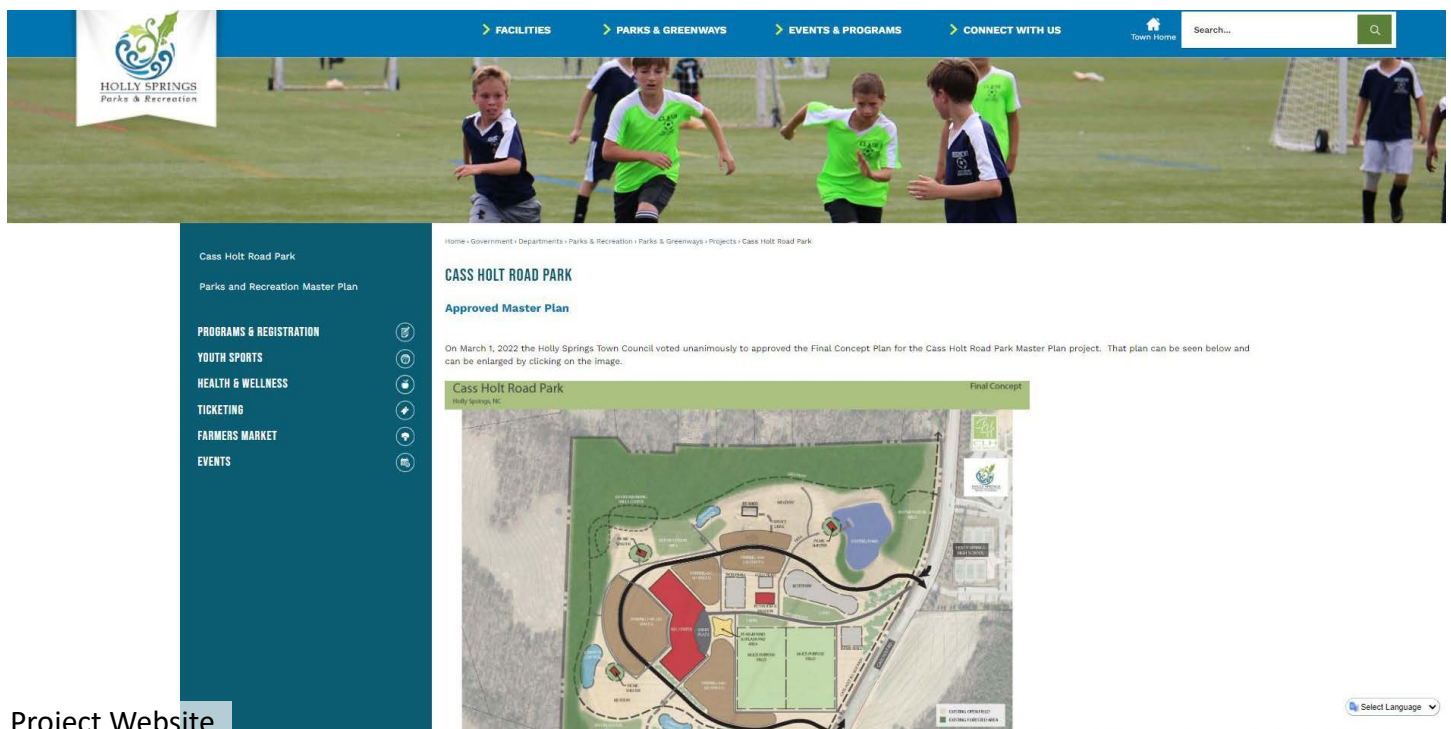
Community participation and input forms the foundation of this master plan process with the involvement fostering a sense of ownership for the community, along with encouraging future stewardship for the park. The following summarizes the community outreach that has been used to engage the public.

## Project Website

The Town initiated a project website to keep the community informed of the master plan process, provide updates, and promote involvement. The website provided links to the survey questions and results, evolution of the concept plan, and contact information. This online platform served as an integral part of the master planning process by providing the community access to project documentation.

## Social Media Outreach

Project updates, public events, and announcements were posted on Twitter and Facebook throughout the planning and community input gathering project phases. This also included on-site coverage from a local television station for the park’s Community Day event.



Project Website



## Stakeholder Meetings

There were two stakeholder groups that were engaged during the master plan process. The first was the Community Stakeholder Group involving the park's adjacent property owners and Wake County Public School System representatives. The second Stakeholder group was comprised of Town staff from different departments.

The first Community Stakeholder meeting took place virtually on August 31, 2021. This meeting included project introduction and an explanation of the master plan process, followed by a group discussion to hear any concerns or comments regarding the future park.

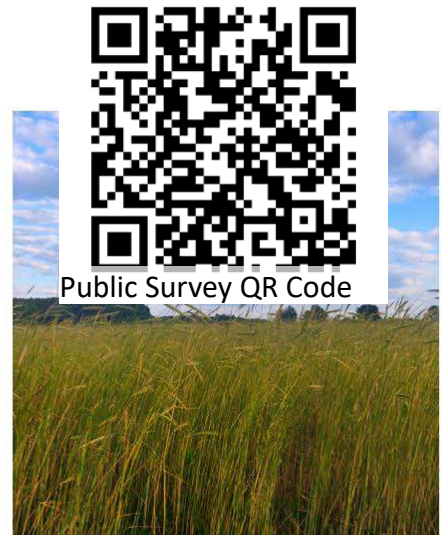
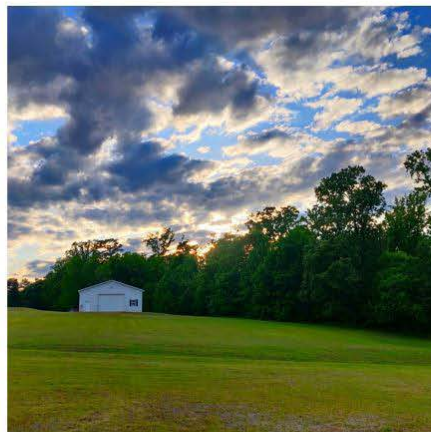
The second Community Stakeholder meeting was also virtual and took place on November 9, 2021. The majority of the meeting centered on the takeaways from the community input survey, along with the three concepts developed from the community input that had been received to date.

## Community Input Survey

The first online community input survey was initiated on September 7, 2021 and was closed on September 22, 2021 with 1,152 participants who engaged in providing feedback to assist in designing the initial concept plans. There were 12 survey questions, focusing on the types of activities and amenities the community would like to see in the park design. The last question provided an opportunity for additional comments.

The second input survey focused on initiating public input on the three concepts developed, which further helped the design team to understand the community's needs and interests. There were 759 participants contributing to the survey, and the results assisted the team in further refining the master plan components. The second survey was initiated on October 27, 2021 and was taken offline on November 14, 2021. The "Athletics, Adventure & Aquatics" concept was the most selected as best representing the community's individual and family needs.

Please refer to the Appendix and the Town's



Public Survey QR Code

**Cass Holt Road Park – Master Plan**  
*First Public Participation Meeting*  
September 08, 2021

Presented by



website for additional information on the survey questions and results.

## Public Meetings

The first public participation meeting was conducted virtually on September 8, 2021. This meeting included a presentation introducing the project team, project overview, master plan process, and site analysis, followed by examples of what could be the park's "vision" or "feel". The examples were categorized into three headings: "Nature and Exploration;" "Action, Fitness, and Play;" and "Community and Celebration." Polling questions were utilized with immediate results available to meeting participants. These questions centered on the public's preference of overall site use and their expected user groups.

The second public meeting took place on November 6, 2021 in the form of "Community Day," an on-site event at the Cass Holt Road Park location to get direct feedback on the developed concepts, and provide the attendees an opportunity to tour the park property. The Town and design team focused on making the event family-friendly, with food available through a chili cook-off (hosted by the police and fire departments), yard games, and a wagon ride circulating around the park site. The wagon ride also provided an opportunity to take event attendees on a "tour" of the site, and explain some of the programmatic elements of the

proposed concepts and how they would fit within the existing park landscape. The Parks & Recreation Department set up a tent to display the three concepts, giving the public an opportunity to ask questions and receive clarification. Approximately 300 people attended the event, which also received coverage from WRAL news.

## Bi-Weekly Meetings with Town Staff

In addition to gathering input from the public, the project team met bi-weekly with Town staff for general housekeeping, project discussion, progress updates, concept review, and to determine next steps in the planning process.

## Council and Parks & Recreation Advisory Committee Meeting Presentations

The project team first met with the Town Council during a work session on October 12, 2021 to provide a project overview, exhibit results from the first public input survey, and present three early concepts developed as a result of the public input process.

The Town Council meeting was followed with an October 14, 2021 presentation to the Parks & Recreation Advisory Committee (PRAC) to receive



Concept Display at Community Day



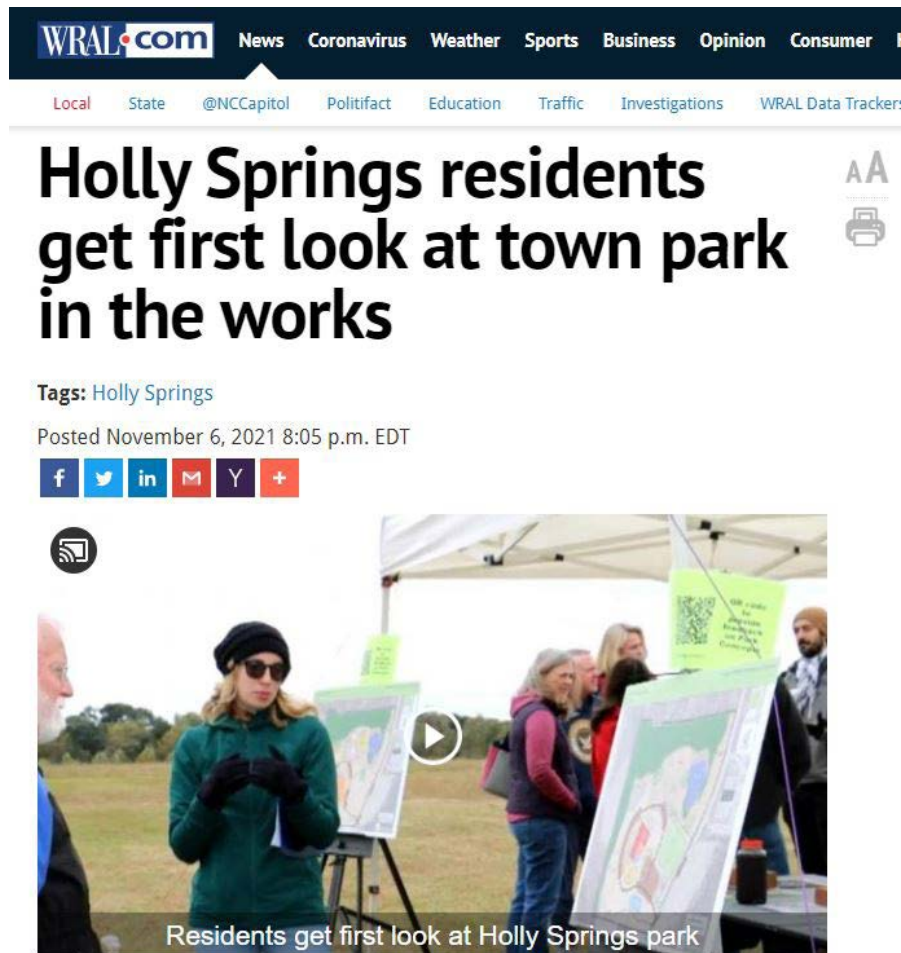
Community Day Wagon Ride



feedback on the park master plan progress.

The second Town Council presentation was conducted on December 14, 2021 to provide an update to the park's master plan process by highlighting important takeaways from community input and presenting a preliminary draft of the park's master plan.

On March 1, 2022, the Final Concept Plan for Cass Holt Road Master Plan project was presented to the Town Council which voted unanimously to approve the plan.



On Saturday, Holly Springs residents got to tour the first Town of Holly Springs Park.

The park will be located west of NC 55 on a former farm on Cass Holt Road. The location is across the street from Holly Springs High School.

WRAL News Article on Community Day

# PARK MASTER PLAN

## Vision

The design team began to establish a vision for the Cass Holt Road Park site after hearing initial ideas and concerns from the Holly Springs community. The land is beautiful in its current state, and some residents wanted to preserve the natural characteristics and agricultural qualities of the site. Others saw the property as an opportunity to bring something exciting and new to the Town. CLH, Davis Kane, and Parks & Recreation staff decided to explore all of these ideas in three different concept schemes.

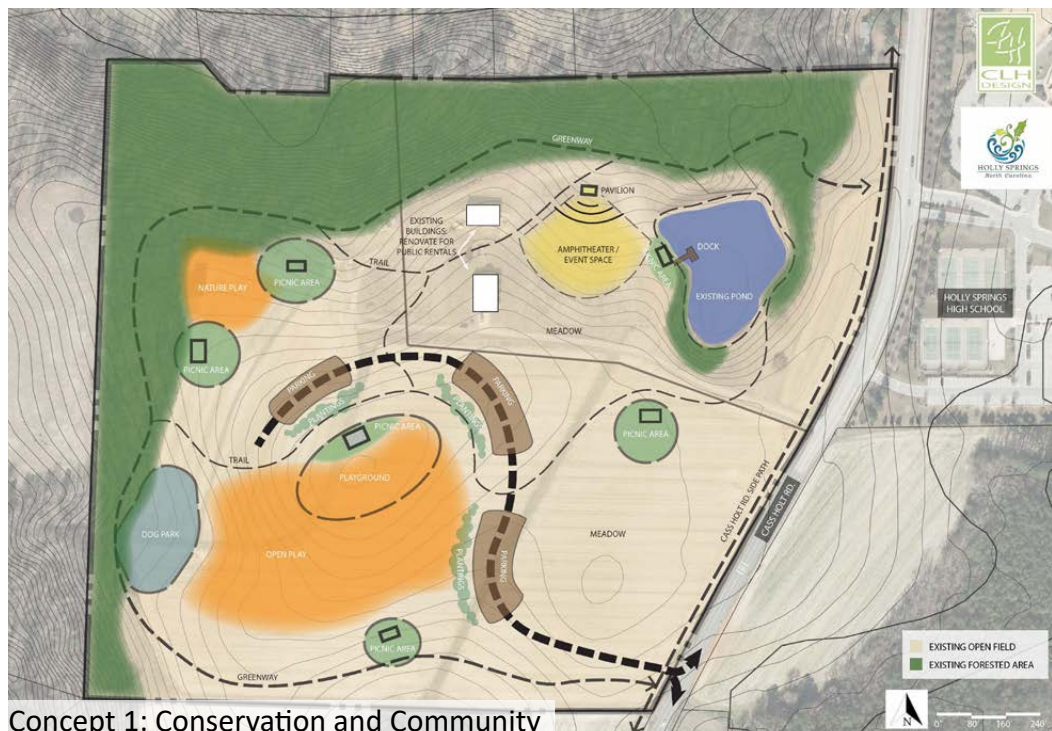
## Concept 1: Conservation and Community

The first concept focuses on preserving much of the park site in its current state and highlighting the existing nature and views. In this concept, the main drive through the park has one point of entry and exit in the southeastern corner of the

property. Three small parking areas are located along this drive. The main amenity of this concept is a large playground and picnic area at the high point of the site, with uninterrupted views of the park and beyond, to the schools and surrounding properties. Around this play area, the meadow space is preserved for open play. Trails also criss-cross these fields, connecting the play and parking areas to other meadow trails, Cass Holt Road, and a greenway loop.

All three concepts include a roughly one-mile long paved greenway loop trail that provides a connected and measurable walking and biking route. This would connect to the greater Holly Springs greenway network.

This first low-impact concept also incorporates a variety of picnic areas to highlight some of the different existing site ecologies: the meadow, the forest, and the pond. Two of these picnic areas flank a proposed “nature play” area that promotes play integrated within nature-inspired structures and the



Concept 1: Conservation and Community



mature forest on site.

The existing home and shed are both conserved and re-purposed in this plan. Once brought up to Town code, these buildings could be used to support park maintenance and could be rented out for community or private events. A proposed amphitheater is located in the vicinity of these buildings, in a bowl-shaped area of the site where the topography lends itself as a natural “stage”. This area is envisioned as a space for small Town events, or rented out as part of the building rental. Small concerts, outdoor movies, educational events, etc. could be hosted in this area of the site. The plan also proposes a dog park along the western forest edge.

Overall, Concept 1 illustrates a park plan that promotes enjoyment of the property in its existing state, allowing people to access and enjoy the meadow, forest, and expansive site views from a variety of settings. While the park could still be a

home for community events, it would primarily be enjoyed as a picnic, walking, and nature observation destination.

## Concept 2: Play and Open Space

The second concept proposes a middle ground between Concepts 1 and 3. It allows for much of the open space to be preserved on site, while proposing a few more amenities for the park.

The main drive in this concept extends through the park as a loop, with two points of exit and entry along the eastern property line. The northernmost entry is a right in / right out driveway type. Limited movement would be required at this entry point due to the close proximity of the driveways servicing the schools across the street. Two smaller parking lots are located along the northern and western portions of the drive, and a large main lot along the southern side.

### Concept 1: Potential Amenity Images (From 1st Public Input Meeting)



Fishing Pond



Nature Play Area



Nature Trails



Flexible Event Space



This concept includes a proposed recreation center building, with its frontage paralleling Cass Holt Road. The building would create a face for the park at the front of the site, giving the area a more urban feel. The other proposed site amenities are located behind the building, which provides a buffer between the main play areas and the traffic and noise of Cass Holt Road. The red rectangle representing the recreation center is scaled to include space for multiple indoor court spaces.

Behind the building is a large playground space that leads into a garden area and open play field.

The building anchors these spaces and provides restrooms and other facility support. A picnic area is also included within this section of the park site.

With most of the heavy-impact site features consolidated in the western and central area of the site, much of the open meadow is able to be preserved. Therefore, a network of meadow and forest trails is still provided on site. An additional picnic shelter is located on the pond, just north of one of the smaller parking lots. This concept also proposes a mountain biking skills course and pump track area in the northwestern corner of the field.

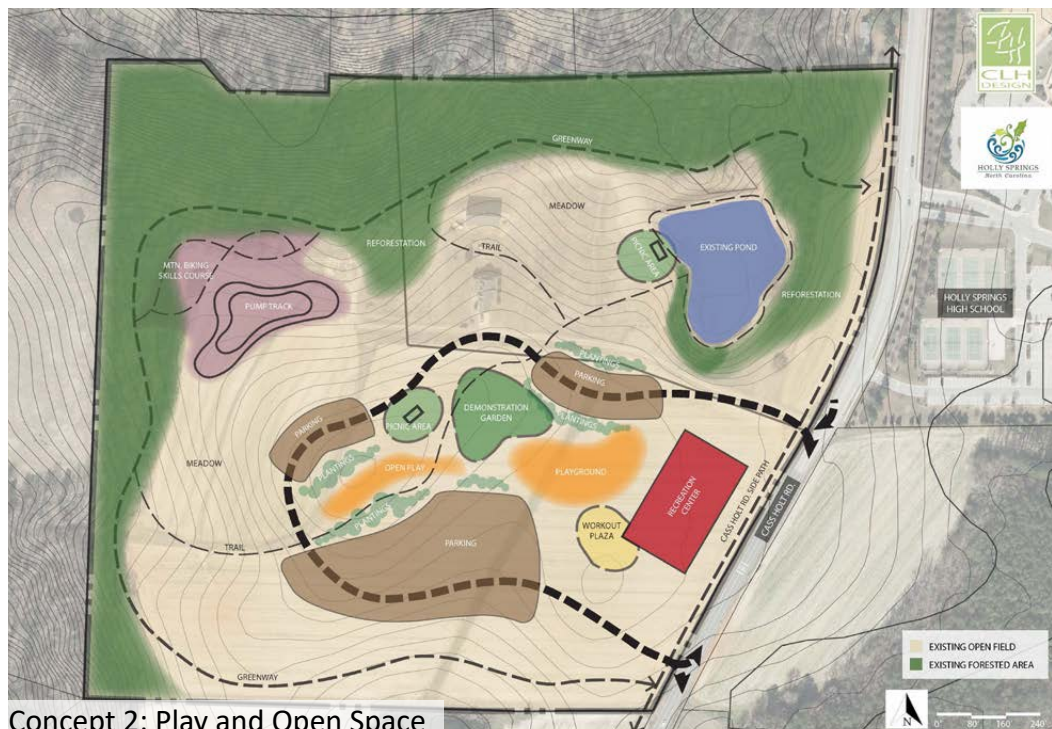
### Concept 2: Potential Amenity Images (From 1st Public Input Meeting)



Pump Track



Splash Pad



Concept 2: Play and Open Space

Concept 2 creates an urban “face” to the Cass Holt Park site that sets the stage for a quickly developing area of the Town. Behind the proposed recreation center, however, much of the natural beauty of the site is preserved. This design allows the bulk of family activity and vehicle area to be consolidated near the entry points of the site. Trails extend outward from this central high-activity area, still allowing visitors to immerse themselves in peaceful natural spaces.

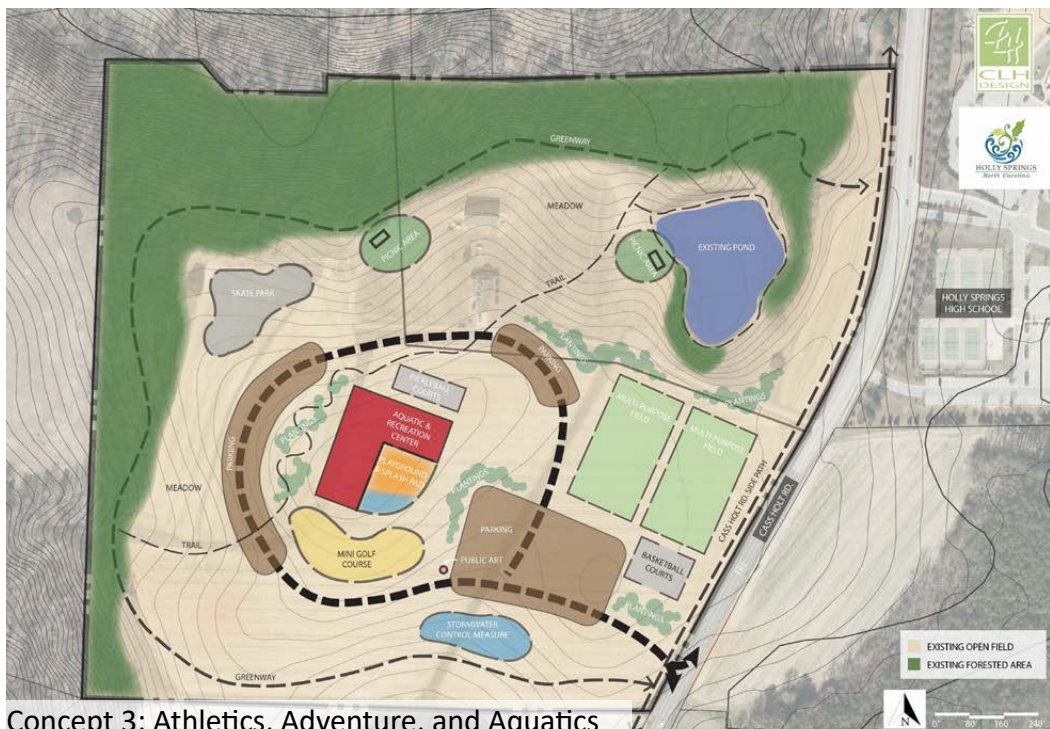
### Concept 3: Athletics, Adventure, and Aquatics

The third concept includes the most site amenities and programmed spaces for the park. In this design, an aquatics and recreation center forms the core of the site, with other amenities surrounding this primary feature. The building includes space for multiple indoor courts, as well as an indoor aquatics facility - space for lap lanes and some leisure water, but not an olympic-sized pool. The building sits at the high point of the site, reinforcing its visual prominence.

The main drive enters the site in the

southeastern corner, encircles the building, and then exits visitors in the same location. This “loop” road creates tiers of activity. Immediately surrounding the building are amenities that would likely require support spaces from inside the building: pickleball courts, a mini golf course, a playground, and splash pad. Parking areas also surround the building along this loop road. Just outside of this loop exists a second grouping of activity spaces, or amenities that would not necessarily require indoor support, but would need to be close to parking and the main drive. This ring of activity includes two multi-purpose fields, basketball courts, and a skate park. The remainder of the park is preserved in its natural condition. Two picnic areas are proposed in the preserved meadow space, one along the greenway loop trail, and the other adjacent to the pond. A secondary trail bisects the property, connecting the greenway loop trail to the activity at the site center.

This third concept places athletics at the forefront of the site. Passerby would drive by the athletics fields and courts along Cass Holt Road and see the recreation and aquatics center atop the hill. While some of the existing features of the property







are able to be preserved, the park would have a much greater focus on activity and sports.

## Master Plan

The final concept was a result of multiple conversations between the design team, Town officials, and the community. Ideas from all three concepts were woven together to create a plan with recreational activity as a focus, while still creating opportunity to enjoy elements of the site's existing natural and open space.

In this final concept, a large recreation center is sited at the high point of the site. The building is intended to address the growing community's need for an indoor sports facility. While the aquatics center remains a high priority, Town leadership is recommending an alternate location for this facility.

The final concept features a wide pedestrian promenade, extending from the side path along Cass Holt Road to the main building. This promenade is intended to provide uninterrupted pedestrian access across the site. It is specifically provided for students, who would be crossing the road before or after school to utilize the park

amenities. This path serves as an organizer, almost a "spine" to the site, as most major amenities branch off of this main stem, which terminates at the entry plaza and recreation center. This route could also be engineered to support vehicle traffic during special events, allowing food trucks or other vendors to set up in the site interior.

The proposed entry plaza is situated on an existing knoll within the site, providing lookout views to the surrounding site amenities. The plaza is intended to promote social interaction in an outdoor space where the community could gather. It serves as the front porch to the building and a nexus of pedestrian traffic. Seating areas, plantings, and shade structures would all be included in the design of this area.

Directly adjacent to the plaza is a combined playground and splash pad, placing an element of play and color directly at the building's entrance. This is within an area of high visibility, so that parents can keep an eye on their children while using some of the surrounding courts and fields. The play area shares a pavilion and restroom facility with the other outdoor site amenities surrounding the promenade. This pavilion is located just north of





Final Master Plan

the multipurpose fields.

Also along the promenade, at the site center, are six pickleball courts, two sand volleyball courts, two basketball courts, a skate park, and two multipurpose fields. The fields are sized to match those at Ting Park in Holly Springs, and would likely require a large surrounding fence and net structure. A variety of open lawn areas are included around the fields to serve as warm-up space for teams and as general (informal) spectator seating room.

The park's center is a high activity area, so vehicle circulation has been consolidated along the perimeter to preserve the promenade and its surroundings as a safe pedestrian-centric space. The main park drive forms a loop around the property, with two entry and exit points. The northern entrance sits directly across Cass Holt Road from Holly Springs High School, and would likely be limited as a right in, right out entrance unless the intersection becomes signalized. Another entrance is provided in the southeast corner of the site, and offers full turn options. Four different parking areas are located along the park drive, two to the northeast of the building, one directly behind the building (to the west), and another between the

building and multipurpose fields. The two areas providing parking closest to the entry plaza include drop-off loops. Overall, approximately 500 parking spaces are included in the plan.

Pedestrian circulation around the site is organized with the promenade serving as a central collector and a variety of paved paths branching off this point. The smaller paved paths connect park visitors to the athletics facilities at the center, the parking lots, and outwards toward trails and picnic areas. The approximately one-mile greenway loop is included in this plan, providing a circuitous route for walkers, joggers, and cyclists through the wooded areas of the park and along Cass Holt Road, ultimately connecting to the Town's greenway system.

The northwest forested area of the site also includes a mountain biking skills course, or a natural-surface track that includes topographical manipulations and small obstacles for cyclists learning to mountain bike. This area has the potential to expand into a mountain biking trail network throughout the park's forests.

Picnic shelters are scattered throughout the site design, as places of peace and respite at the

periphery of the high-activity park center. The southernmost picnic shelter is located within a meadow area and is easily accessed from a parking lot. The second picnic area, just north of the building, is protected from the elements by forest to the north and east. It is at the base of the existing site hill. The third picnic shelter is a short walk away from a parking lot, and is situated along the existing pond. A fishing dock has also been located here as an additional site amenity. These three varied picnic areas highlight three site ecologies: forest, meadow, and pond, and each include open space for small events.

The site design is expected to require multiple stormwater control measures. The locations of these have been preliminarily selected due to existing site topography and drainage patterns, but could be shifted further along in the site design process. The master plan anticipates a constructed wetland or other stormwater feature along the northern woods line, and within low areas to the south and southwest.

The plan also includes areas of reforestation to insulate the site and subdivide the meadow areas. Reforestation, along with a densely planted landscape buffer, would be proposed along the southern property line. This would create a visual, light, and noise barrier for the residents in the parcels to the south. The preserved wooded area provides a significant buffer to the west and north of the park. Tree plantings are also proposed in an area north of the park drive, to create an insulated picnic area and extend the edge of the forest to meet the drive. Maintaining water quality in the existing pond is a concern of the community and the design team, especially with increased development of the park site. A reforestation area between the pond and the road is proposed to protect this resource.

## Recreation Center

The vision for this facility is to create a community gathering space for all generations, with a focus on indoor athletics and active play.

The recreation facility plan is proposed to include athletics courts and other unique features, connected by a central hub with support spaces and an atrium which will interact with the adjacent plaza. The entire proposed facility is expected to be around 60,000 square feet and distributed on two levels to accommodate the existing sloped terrain configuration.

The Recreation Center will be connected by an open atrium. A main entry area will showcase a reception desk for directing the public to various activity rooms, providing facility security, and a meeting place. Seating areas, concessions, public art, technology spaces, etc. will be distributed throughout the space to create a welcoming and accommodating environment. Skylights and generous glazing areas will provide an infusion of natural light and make the atrium a space suited for ceremonial and social functions as well. The interior and exterior atrium structure is anticipated to be designed in a way that would tie the building to its natural setting. Sited near the topographical high point of the site, the entry plaza and main entrance to the building will have views over the park amenities.

The Recreation Center spaces will include a four-court gymnasium to be used for basketball, volleyball, pickleball, and other recreational or community events. An elevated walking track around the interior perimeter could be included, as well as multipurpose rooms, an indoor play area, administrative offices, locker rooms, public restrooms, a catering kitchen, etc. To maximize available space and create more flow within the facility, the Recreation Center spaces will be designed to serve multiple purposes, including a gym that could be converted to performance spaces, meeting rooms, or group exercise spaces. There will be opportunities to divide the gym to facilitate a variety of indoor games at the same time.

The building concept will also showcase outdoor covered pavilions with direct access from meeting rooms and the plaza, providing elevated views of the park.





Pond Area



Meadow Area



Building, Entry Plaza, and Splash Pad



Skate Park

## Priorities

The Master Plan recommendations provide an initial guide for Cass Holt Road Park to meet the community expectations and priorities. The realization of these goals as a result of the community and stakeholder engagement will require an implementation strategy with the objective to create a sense of place and establish a community amenity for the Town residents.

The list of park elements shown on the Master Plan resulted from the community outreach portion of the master plan process and were considered priority options based on the highest selected amenities. In addition, cost considerations and meeting the immediate and future community needs also factored into the priority selection.

The recommended priorities for the initial construction phases are:

- Recreation Center (for list of programming elements, see page 40 of the Appendix)
- Trails
- Pedestrian walkways
- Park drive
- Parking
- Multi-Purpose synthetic turf fields
- Skate Park
- Playground
- Splash pad
- Pickleball courts
- Basketball courts
- Sand Volleyball
- Restroom building
- Stormwater control measures
- Utilities infrastructure

## Timing

Timing of the implementation and construction phase can be affected by many variables, including

available funding, community resources, and local/state regulations. Consideration for the park's potential funding should take into account projected capital improvement costs, staffing needs, and operations/maintenance costs, along with the initial construction and installation costs. These costs can be influenced by many factors, including our current volatile building environment, material availability, and labor supply.

## Probable Costs

A preliminary cost assessment for the proposed park elements was conducted in collaboration with Palacio Collaborative (see full breakdown of costs on page of 41 the Appendix). In August of 2022, the following probable costs were determined:

- Sitework: \$19-\$20 million
- Recreation Center: \$23-\$24 million
- Restroom and Pavilion Structures: \$900,000-\$1 million
- Off-Site Improvements: \$1-2 million
- Public Art: \$250,000

These items add up to an overall sum of approximately \$44-\$47 million for construction costs.

## Funding

Potential funding options could include bonds, grants, sponsorships, private-sector partnerships, user fees/registration fees, or tournament-based recreation generated revenue. Implementing the Master Plan's recommendations will most likely require a combination of funding sources. Some of the potential grant funding options may include NC Parks and Recreation Trust Fund (PARTF), Transportation Equity Act (TEA-21), NC Safe Routes to School (NCSRTS), or NC Recreational Trails Program (RTP).



# CONCLUSION

## Conclusion

For the next steps of the project, the landscape architectural design consultant, CLH design, along with Davis Kane, CLH's architectural design consultant, will begin schematic design for the phase one development of the park based on the input received during the master planning process.

The first phase of the park's development includes the following: a large multi-court recreation center, pedestrian walkways, park drive and parking, multi-purpose fields, skate park, playground, splash pad, pickleball courts, basketball courts, volleyball courts, mountain biking skills course, restroom building, picnic shelters, utilities infrastructure, reforestation, and stormwater management. This plan demonstrates the Town of Holly Springs commitment to meeting the needs of the community and providing healthy and diverse recreation opportunities for all park users to play and enjoy.

During the Master Plan process, the community provided public input that put ideas into motion, which will allow the park site to be developed into a unique and active Town park. This investment in the future will help the Town address the lack of parks in this fast-growing region of Holly Springs. The completion of this Master Plan should help provide significant continued momentum for the Town to address the community's vision for a park and add recreation experiences for both current and future generations.

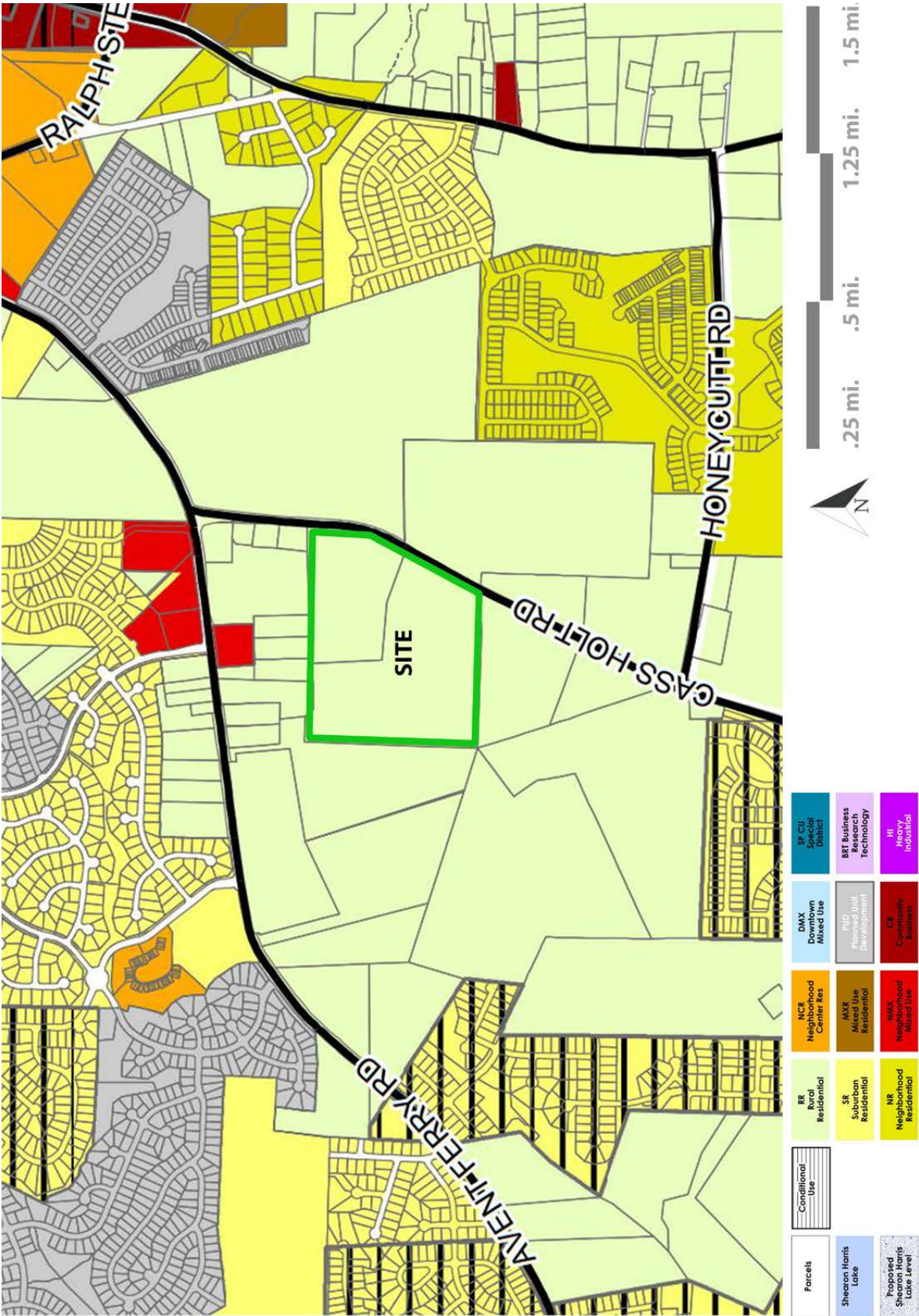
Thanks to everyone within the community for the input and time they contributed to help create this wonderful vision for a park.

To review or download the Cass Holt Road Park Master Plan, please visit the Town's website.





APPENDIX



Updated: March 22, 2022

Surrounding Zoning Map



Holly Springs, NC

Holly Springs, NC

# Community Survey #1 Results

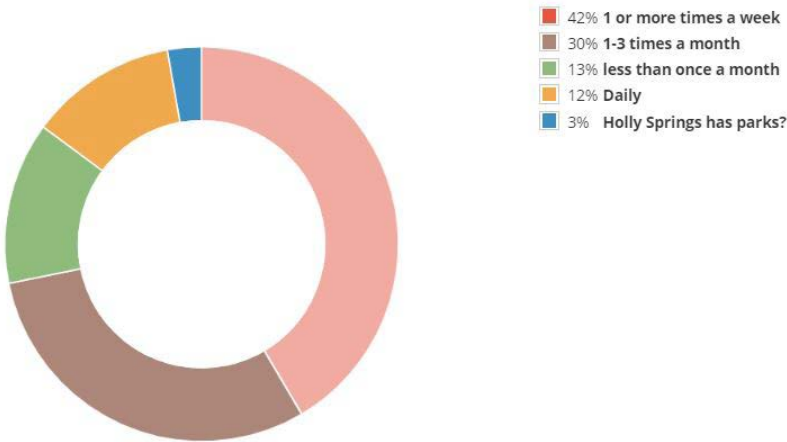
See the park website for the full survey results, including a list of the individual comments: <https://www.hollyspringsnc.us/2316/Cass-Holt-Road-Park>

## Cass Holt Road Park - Master Plan

Project Engagement

VIEWS	PARTICIPANTS	RESPONSES	COMMENTS
3,647	1,152	22,531	780

How often do you visit Town of Holly Springs parks?



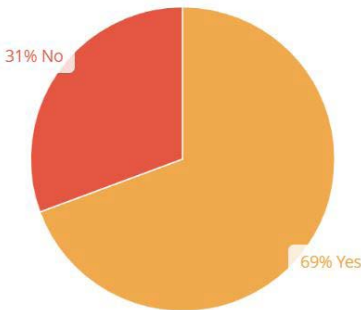
1,141 respondents

What are your favorite parks to visit in Holly Springs? (pick all that apply)

70%	Womble Park	719 ✓
66%	Bass Lake Park	673 ✓
36%	Ting Park / Ting Stadium	369 ✓
33%	Sugg Farm / Dog Park	334 ✓
29%	Jones Park	298 ✓
14%	Veterans Park	147 ✓
13%	Hunt Center	135 ✓
3%	I don't visit parks	26 ✓

1,023 Respondents

Do you travel to other cities/towns for their park amenities regularly?



1,109 respondents

Overall, participants commented that they travel to other parks for walking and biking trails, kids activities, and splash pads (see park website for full list of comments).



Would you be interested in any of the following specific active recreation amenities? (pick your top 5)

76%	Walking/running Trails	715 ✓
47%	Indoor Pool	442 ✓
38%	Obstacle Course	355 ✓
27%	Indoor Climbing Wall	252 ✓
25%	Outdoor Fitness Equipment	233 ✓
23%	Basketball Courts	219 ✓
23%	Mountain Biking Course	217 ✓
20%	Skate Park	190 ✓
19%	Disc Golf	176 ✓
18%	Soccer Fields	171 ✓
17%	Tennis Courts	156 ✓
16%	Pickleball Courts	148 ✓
14%	Volleyball Courts	132 ✓
10%	Baseball/softball Fields	91 ✓
10%	Other	90 ✓
1%	I'm not interested in Active Recreation on this site	7 ✓

Would you be interested in any of the following specific passive recreation amenities? (pick your top 3)

43%	Splash Pad	390 ✓
41%	Mini Golf	373 ✓
40%	Picnic Areas / Shelters	362 ✓
28%	Accessible Playground	257 ✓
24%	Amphitheatre	215 ✓
21%	Dog Park	191 ✓
21%	Community Garden	187 ✓
18%	Hammock Park	161 ✓
14%	Batting Cage	128 ✓
10%	Bocce Court	94 ✓
4%	Horseshoes	34 ✓
3%	I'm not interested in Passive Recreation on this site	23 ✓

Which park and recreation amenities and programs do you and your household have a need for / would be more accessible to you if included in the Cass Holt Park masterplan? (pick up to 5 top needs)

70%	Nature Trails	638 ✓
48%	Aquatics Facility	438 ✓
42%	Adventure Recreation	387 ✓
34%	Nature Observation	311 ✓
33%	Youth Sports	305 ✓
33%	Outdoor Sports Gym & Courts	299 ✓
26%	Indoor Fitness (Gym)	241 ✓
23%	Special Event Spaces & Rental Facilities	214 ✓
22%	Summer Camps	201 ✓
19%	Performing Arts	170 ✓
17%	Museums	159 ✓
12%	Visual Arts	105 ✓
3%	Other	27 ✓

Would you be interested in any of the following specific nature observation features? (pick up to 3)

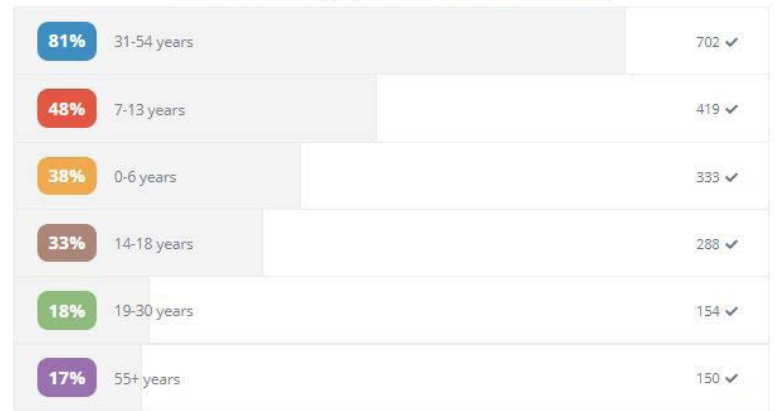
68%	Botanical Gardens / Arboretum	613 ✓
46%	Fishing Pond	416 ✓
45%	Interpretive Nature Trails	404 ✓
41%	Pollinator Gardens	372 ✓
29%	Environmental Education Center	261 ✓
8%	I'm not interested in nature observation features	72 ✓
1%	Other	5 ✓



What kind of experiences should be provided at Cass Holt Farm Park? **(pick up to 5)**



What age groups in your household would participate in activities, programs, or services offered at Cass Holt Farm Park? **(pick all that apply)**



See the park website for additional comments.

In addition to the list of amenities in the survey questions, respondents commented with a variety of other amenities they would be interested in. The most common suggestions included shaded walking trails, telescope pads, and places for teens.

# Community Survey #2 Results

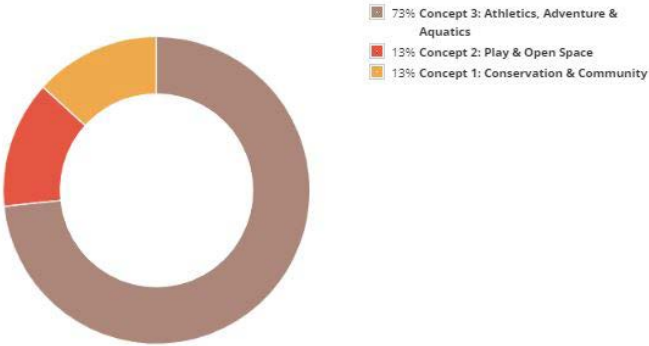
See the park website for the full survey results, including a list of the individual comments: <https://www.hollyspringsnc.us/2316/Cass-Holt-Road-Park>

## Cass Holt Road Park - Master Plan (Concept Review)

Project Engagement

VIEWS	PARTICIPANTS	RESPONSES	COMMENTS
4,145	759	5,403	251

\* Which concept do you feel best represents your needs and the needs of your family?



\* What do you feel are the strongest aspects of Concept 1? Select up to 3

49%	Small Amphitheater for outdoor movies, concerts and small events	306 ✓
36%	Access to pond / Fishing dock	229 ✓
34%	Lots of Open Play spaces	211 ✓
29%	Nature Play area	185 ✓
28%	Shows the highest level of land conservation / lightest impact on the land	175 ✓
25%	Dog Park	155 ✓
20%	Keeps the existing house and barn structures	128 ✓
3%	Single Driveway to/from Cass Holt Rd	22 ✓
3%	Other	22 ✓

\* What do you feel are the strongest aspects of Concept 2? select up to 3

47%	Mountain Biking Skills Course / Ladder Bridges, Boardwalks, etc.	292 ✓
47%	Adds a Recreation Center (Indoor courts, gyms space, supporting offices)	287 ✓
37%	Large dedicated playground area	228 ✓
29%	Provides a mix of land conservation and recreational programming	177 ✓
23%	Includes a reforestation plan	142 ✓
17%	Demonstration Garden	102 ✓
15%	Pump Track	93 ✓
14%	Multiple driveways to/from Cass Holt Rd	89 ✓
3%	Parking located behind the building	20 ✓
2%	Placement of the building close to Cass Holt Rd	14 ✓
1%	Other	5 ✓

\* What do you feel are the strongest aspects of Concept 3? select up to 3

67%	Inclusion of an Aquatic Center / Recreation Center with an indoor pool as well as gym spaces	459 ✓
47%	Splash Pad and Playground	322 ✓
34%	Mini Golf Course	236 ✓
27%	Skate Park	183 ✓
21%	Multi-purpose fields	144 ✓
19%	Highly programmed, focus on active and alternative recreation components	134 ✓
16%	Outdoor Basketball Court(s)	108 ✓
14%	Pickleball courts	96 ✓
8%	Public Art component	54 ✓
3%	Placement of building at highest point in the center of the site	20 ✓
2%	Other	11 ✓

Participants were also asked if there were features or amenities that were shown in the concept plans that should not be included in the park design. Overall, they responded that a dog park and amphitheater were not necessary amenities.

Participants suggested some additional amenities that were not shown in the concept plans. The most common suggestions were play spaces appropriate for kids of all ages, sand volleyball courts, and more pedestrian connectivity to surrounding neighborhoods. For the full list of comments, see the park website.

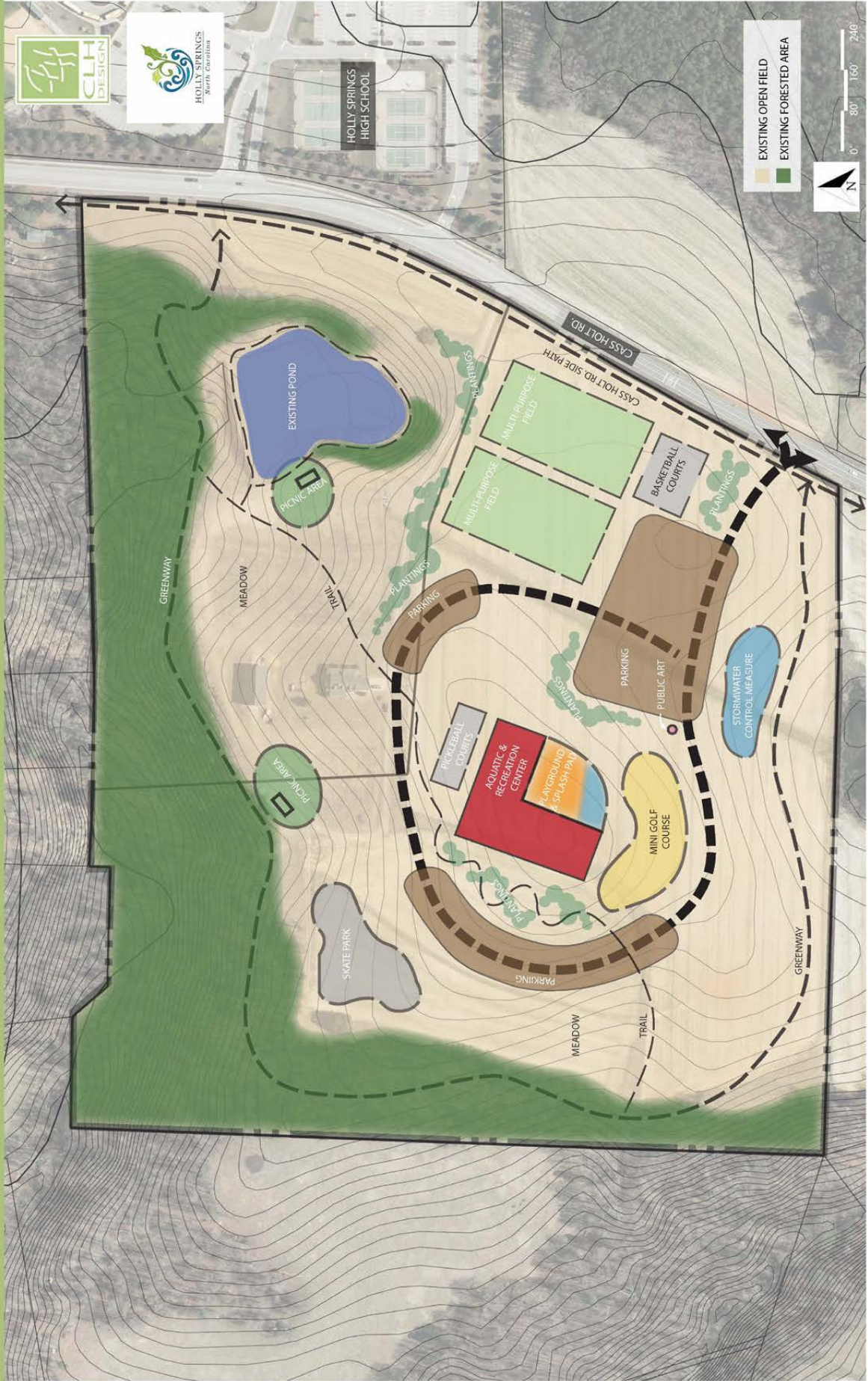














# Cass Holt Road Park

Holly Springs, NC

Final Concept



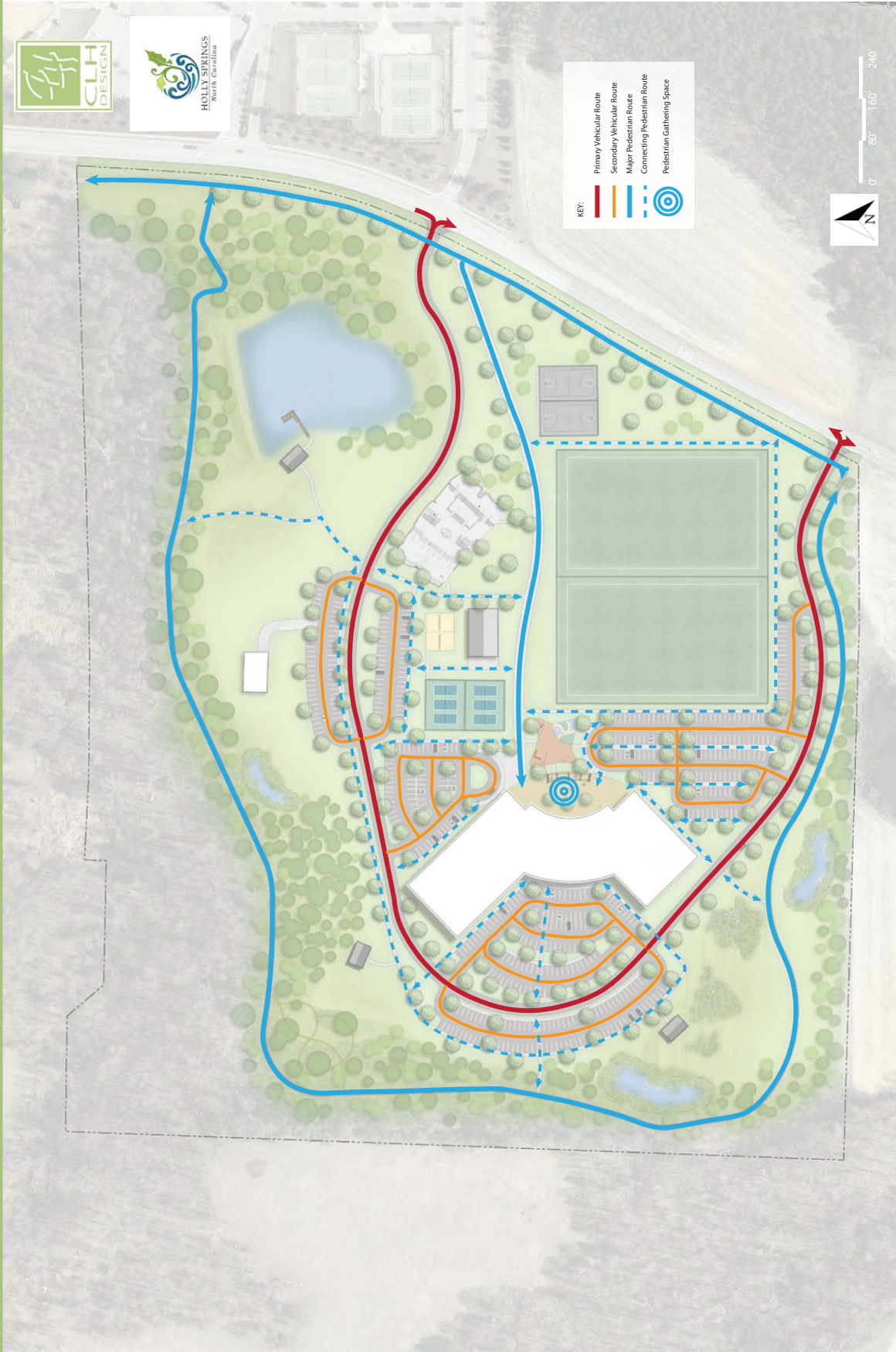


# Cass Holt Road Park

Holly Springs, NC







# Recreation Center Programming

Cass Holt Park - Recreation Center					
Program	No. of Rooms	Area (Sq Ft)		Users	Comments
		Per Room	Total		
Entrance Lobby					
Reception + Waiting Space	1	1500	1500		Public art is spread throughout
Meeting Space	1	300	300		
Concession/ Snack Bar	1	400	400		Includes some seating around it
Administrative Suite					
Offices	5	120	600		
Conference Room	1	300	300		10 - Seat conference table
Breakroom with Kitchenette	1	150	150		
Office Storage	1	80	80		
Mail/ Copy area/ Workroom	1	100	100		
Staff Toilets	2	60	120		*Total number will vary depending on occupancy count
Janitor's Closet	1	30	30		
IT/ Server Room	1	60	60		
Recreational/ Gym Areas*					
Basketball Courts	4	7280	29120	400 spectators Min.	Court size 50'X84' with 10' circulation space all around 5 row bleachers along the length of courts could fit 800 Spectators 1/8th Mile 16' wide walking track Capacity - 35+
Seating Space	2	2600	5200		Capacity - 15
Training track/ Adventure walking	2	10000 & 5000	15000		
Indoor Playground	1	1800	1800		
Party Room	1	600	600		
Classrooms/ Meeting/ Multi purpose Rooms	3	2200	6600		Capacity - 40 each
Locker rooms & Restrooms	2	1000	2000	8 teams of 15	One Male, One Female *Total number will vary depending on occupancy count
Group Toilet Rooms	4	800	3200		*Total number will vary depending on occupancy count
Family Toilet Room	2	85	170		
Gym Equipment Storage	1	1200	1200		
General Storage	1	150	150		Classroom & Party room storage
Outdoor Patio	1	3000	3000		* Not included in total Building Area
Operational Support Spaces					
Mechanical equipment Room	2	650	1300		
Electrical equipment Room	1	250	250		
FP Riser Room	1	150	150		
Janitor's Closet	1	30	30		
Catering Kitchen					
Kitchen & Serving Area	1	600	600		
Storage	1	150	150		
Net Total Area			71160		
Net to Gross			25%		
Total Gross Square Footage			88950		



# Probable Costs for Master Plan Elements

Completed in collaboration with Palacio.

3/12/2022



## EXECUTIVE SUMMARY

Prepared For:	CLH Design		
Project Name:	Cass Holt Farm Park		
Location:	Holly Springs, NC	Estimate Date:	3/11/2022
Project Area (SF):	56 Acres	Revised Date:	
Project #:	22054	Palacio Lead Contact:	Robin M. D'Aunoy
Project Phase:	Conceptual		
Project			
Description:	Convert Existing Farm Land to a complete Park Complex		

CONSTRUCTION COST SNAPSHOT				
PROJECT TYPE	AREA	UNIT	COST/SF	TOTAL
Sitework	56	ACRE	\$349,216.74	\$19,556,137
Architectural Items (Recreation Center)	75,135	SF	\$315.00	\$23,667,525
Architectural Items (Restroom & Pavilion Bldg)	5,200	SF	\$175.00	\$910,000
Public Art Allowance	1	LS	\$250,000.00	\$250,000
Off Site Improvements	1	LS	\$1,369,100.00	\$1,369,100
TOTAL ESTIMATED CONSTRUCTION COST		80,393	\$1,968,806.74	\$45,752,762

### ALTERNATES (INCLUDES COST OF WORK AND MARKUPS)

ESTIMATE ASSUMPTIONS
Anticipated Bid Date: 4th Quarter 2022 (Add 1.25% per quarter for market escalation beyond this point)
Design-Bid-Build delivery method
Receiving bids from at least four (4) qualified general contractors
General contractors to receive bids from at least four (4) qualified subcontractors per trade
Most of the bidders will be from the local market (within 1 hour driving distance)
Assumes normal working hours

# PALACIO

Name: **Cass Holt Farm Park**

Location: **Holly Springs, NC**

Area (SF): **56 Acres**

Date: **3/11/2022**

Rev. Date: \_\_\_\_\_

ESTIMATE SUMMARY					
GROUP	DESCRIPTION	QUANTITY	UNIT	PRICE	TOTAL
	<b>Site Preparation</b>				<b>\$2,033,508</b>
	Earthwork - Clear & Grub, Strip Topsoil	56	ACRES	2,500.00	140,193
	Earthwork - Fine Grading	523,757	SF	0.35	183,315
	Earthwork - Rough Grading	135,000	CY	12.00	1,620,000
	Erosion Control Allowance	1	LS	75,000.00	75,000
	Demo - Exist. House, Cap Well, Septic System	1	LS	15,000.00	15,000
	<b>Park Loop Drive</b>				<b>\$511,516</b>
	Asphalt Drive	8,317	SY	48.00	399,232
	Concrete Curb & Gutter	6,238	LF	18.00	112,284
	<b>Parking Areas</b>				<b>\$1,172,689</b>
	Parking Area Adjacent to Multipurpose Fields	6,023	SY	48.00	289,083
	West Parking Area	3,070	SY	48.00	147,339
	Adjacent to Rec Center Parking Area	7,928	SY	48.00	380,549
	North Parking Area	4,038	SY	48.00	193,808
	Concrete Curb & Gutter	8,995	LF	18.00	161,910
	<b>Pedestrian Walkways</b>				<b>\$610,507</b>
	Promenade, Vehicular Grade	24,000	SF	9.75	234,000
	Connector Sidewalks 6' Wide Concrete, Pedestrian Grade	16,800	SF	6.75	113,400
	Perimeter Trail 10' Asphalt	4,500	SY	42.00	189,000
	Side Path, Asphalt (Cass Holt Rd)	1,764	SY	42.00	74,107
	<b>Plaza, Entry</b>				<b>\$225,000</b>
	Concrete Paving - Upgraded	15,000	SF	15.00	225,000
	<b>Multipurpose Fields</b>				<b>\$3,099,152</b>
	Two Large Synthetic Turf Fields w/Underdrainage	193,697	SF	16.00	3,099,152
	<b>Skate Park</b>				<b>\$750,000</b>
	30,000 S.F.	30,000	SF	25.00	750,000
	<b>Outdoor Basketball Courts</b>				<b>\$117,049</b>
	Two concrete courts	9,958	SF	10.75	107,049
	Basketball Equipment	1	LS	10,000.00	10,000
	<b>Pickleball Courts</b>				<b>\$230,400</b>
	Six Pickleball Courts, Rubber Surface	15,360	SF	15.00	230,400
	<b>Volleyball Courts</b>				<b>\$24,318</b>
	Two sand courts	4,053	SF	6.00	24,318
	<b>Splashpad</b>	7,000	SF	100.00	<b>\$700,000</b>
	<b>Playground</b>				<b>\$390,000</b>
	2-5 yr. & 5-12 yr. Playground Surface	20,000	SF	12.00	240,000
	Playground Equipment Allowance	1	LS	150,000.00	150,000
	<b>Mountain Bike Skills Course</b>				<b>\$84,240</b>
	Mountain Bike Skills Course, Dirt/Gravel Surface	10,530	SF	8.00	84,240

# PALACIO

Name: **Cass Holt Farm Park**

Location: **Holly Springs, NC**

Area (SF): **56 Acres**

Date: **3/11/2022**

Rev. Date: \_\_\_\_\_

ESTIMATE SUMMARY					
GROUP	DESCRIPTION	QUANTITY	UNIT	PRICE	TOTAL
	<b>Utilities (On-Site)</b>				<b>\$484,600</b>
	Sewer Service (Gravity On-site Service), 4" DIP	1,500	LF	55.00	82,500
	Water Service, 4" DIP	500	LF	55.00	27,500
	Water Service, 2" PVC	1,800	LF	22.00	39,600
	Fire Water Service, 6" DIP	1,000	LF	75.00	75,000
	Electrical - Concrete Ductbank to Rec Center	800	LF	145.00	116,000
	Electrical - Pathways to Parking/Shelters/Fields/Court Areas	6,000	LF	24.00	144,000
	<b>Lighting</b>				<b>\$950,000</b>
	Parking & Loop Drive- Allowance Duke Energy Leased	100	EA	5,200.00	520,000
	Misc. Site Lighting - Pedestrian Walkway Pole Lighting	50	FIXT	2,500.00	125,000
	Misc. Site Lighting - Plaza, Entry Allowance	1	LS	35,000.00	35,000
	Sports Lighting	18	EA	15,000.00	270,000
	<b>Stormwater Management (Stormwater Control Measures)</b>				<b>\$747,176</b>
	Includes constructed wetlands, bioretention, rain gardens, bioswales, storm drainage pipe & structures.	33,098	SF	12.00	397,176
	Storm Water Conveyance Allowance	1	LS	300,000.00	300,000
	Outlet Control Structures / Water Quality Controls Allowance	1	LS	50,000.00	50,000
	<b>Site Landscaping</b>				<b>\$1,787,426</b>
	Parking Area Trees, Interior Trees & Shrubs, Mulch, Sod, Buffer	57,893	SF	10.00	578,930
	Promenade Lawns (Sod)	34,097	SF	0.85	28,982
	Plant Material, Reforestation (Saplings)	2,000	EA	175.00	350,000
	Plantings South PL, Shrubs, Mulch, Sod, Saplings	34,232	SF	6.00	205,392
	Plantings East PL, Shrubs, Mulch, Sod, Saplings	30,776	SF	6.00	184,656
	Plantings Rec Ctr, Shrubs, Mulch, Sod, Saplings	8,661	SF	6.00	51,966
	Meadows - Grasses & Sod	155,000	SF	2.50	387,500
	<b>Site Amenities</b>				<b>\$150,000</b>
	Benches, Trash Receptacles & Bike Racks	1	LS	150,000.00	150,000
	<b>Outdoor Open Workout Areas</b>	3,200	SF	25.00	<b>\$80,000</b>
	<b>Pergola</b>	1,000	SF	75.00	<b>\$75,000</b>
	<b>Comfort Stations - 4 toilets/2 sinks, &amp; custodial room w/sink</b>				<b>\$365,750</b>
	Comfort Station (Near Skatepark)	385	SF	475.00	182,875
	Comfort Station (Near splashpad & playground)	385	SF	475.00	182,875
	<b>Picnic Shelter (30' x 52')</b>				<b>\$468,000</b>
	Pond Area	1,560	SF	75.00	117,000
	NW Area	1,560	SF	75.00	117,000
	SW Area	1,560	SF	75.00	117,000
	SE Area	1,560	SF	75.00	117,000
<b>SUBTOTAL</b>					<b>\$15,056,330</b>
	General Condition as %	6%			\$903,380
	Bonds as %	1.0%			\$159,597
	Insurance as %	1.0%			\$161,193
	Contractor Fee as %	4%			\$651,220
	Design/Market Conditions Contingency as %	10%			\$1,693,172
	Escalation as %	5%			\$931,245
<b>TOTAL PROBABLE CONSTRUCTION COST</b>					<b>\$19,556,137</b>





**ATTACHMENT C: ANNUAL COMPREHENSIVE FINANCIAL  
REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022**



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

**Town of Holly Springs, North Carolina**

Fiscal Year Ended June 30, 2022



## ABOUT THE COVER:

Amgen's newest biologics manufacturing facility is under construction in the 400+ acre Helix Innovation Park at Friendship, south of US 1. The \$550 million, 350,000-square-foot manufacturing facility broke ground in March 2022 and is expected to be operational by 2025, bringing more than 350 jobs.

Photo credit: Town of Holly Springs, Zachary Pitts



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

Town of Holly Springs, North Carolina  
For the Fiscal Year Ended June 30, 2022



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

October 31, 2022

**Honorable Mayor, Members of the 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, 2022 is submitted by the Town's Finance Department, and it is the comprehensive publication of the Town's financial position at June 30, 2022, 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 ended June 30, 2022 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 follows 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 and 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, 2022 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 18.65 square miles and has an estimated population of 47,231.

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, and water and sewer service. This report includes all of 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 person 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. The Town Manager is authorized by the budget ordinance to make transfers within funds to facilitate budget execution consistent with the Town Council's intent.

## **Local Economy**

As mentioned, as of June 30, 2022, the Town's population was estimated to be 47,231. Over the span of the past decade the town has grown by 80.2% with anticipated population to increase to 56,037 by June 30, 2025. Holly Spring's tax base has grown from \$3.3 billion in 2013 to \$6.9 billion in 2022. The town issued 1,039 new building permits for new construction, additions and alterations in 2022 (to date), which included 965 for residential and 74 for commercial. Permits issued valued over \$334 million. Holly Springs remains a preferred residential location due to proximity to employment and cultural centers, low-crime rate, good schools, public services for residents and an increase in commercial development.

Holly Springs retail sales have continued to outpace statewide projections. Locally sales tax revenue increased by 21% over the previous fiscal year. This growth is attributed to legislation passed in recent years to ensure that state and local sales taxes were collected on all online purchases, as well as historic levels of inflation. Consumers are purchasing similar levels of taxable goods at higher retail prices.

CSL Seqirus, a wholly owned subsidiary of CSL Limited and a global leader in influenza prevention and a transcontinental partner in pandemic preparedness, opened in the Holly Springs Business Park in November 2009 and currently employs approximately 950 full time and contract employees at the facility. The organization has completed several expansions and has room to grow. This year, CSL Seqirus completed a \$156M expansion that supports formulation and fill-finish manufacturing of cell-based influenza vaccines in pre-filled syringes. This expansion was 664,000 square feet and created 80 jobs. The current facility sits on approximately 70 acres of the 158 acres they own in Holly Springs.

UNC REX Hospital located in downtown on the corner of 55 Bypass and Main Street is a 7 story 227,000 square foot building, an investment of \$170 million with approximately 50 licensed inpatient beds offering emergency care, labor and delivery, surgery and diagnostic imaging bringing approximately 275 new jobs to the community. The hospital is celebrating their one-year anniversary this November 2022.

The Town's downtown has experienced a large increase in commercial growth. Two developments have brought mixed use commercial buildings adding approximately 100,000 square feet to the downtown footprint, which includes restaurants, retail, services and offices. The Town is updating the long-range plan that guides the growth, development,

and redevelopment of downtown Holly Springs, also known as the Village District Area. This plan will lay out a vision of the Village District as the heart of the community—with buildings, parks, streetscapes and natural areas that support a diversity of users and welcomes people.

Fujifilm Diosynth Biotechnologies broke ground in October 2021 and is currently building the largest end-to-end cell culture contract development and manufacturing organization (CDMO) biopharmaceutical manufacturing facility in North America. For Phase 1 of the project the company will build an 839,000, square foot lab, office and manufacturing facility on its 150-acre tract. The anticipated investment is \$2 billion with a projected opening date in 2025.

Amgen, one of the world's leading biotechnology companies which creates life-saving medications, broke ground in March 2022 for their planned \$550 million investment to build a 350,000 square foot multi-product drug substance manufacturing facility in the Town.

Since the announcement of Amgen, the Town again worked with Helix Ventures and their exclusive development arm, Trustwell Property Group, to expand business park options in Holly Springs. Directly surrounding Amgen, there is a new 400+ acre life science hub, now called Helix Innovation Park at Friendship. The park not only offers opportunity for research and manufacturing uses, but also a myriad of other beneficial commercial and residential options to provide immediately adjacent amenities to the future companies' who look to locate here.

Since last year, Crescent Communities a market-leading real estate investor, developer and operator of mixed-use and commercial communities has invested more into the Holly Springs community. They have master planned 120 additional acres to create a life science campus with up to 2 million square feet of biomanufacturing, office, lab and retail amenities known as The Yield. Additionally, they have acquired about 80 +/- acres just south of US 1 in the northwest corner of Holly Springs to continue this industrial and commercial growth.

Over 300,000 SF of biomanufacturing space at Catalyst Bio Campus, in the Holly Springs Business Park, is currently under construction. These purpose-built cGMP spec buildings will be available by the end of 2022. It will offer cGMP, Lab and Office space for biomanufacturing companies.

In August 2022, Calvert Ice Sport's closed on the land in the Carolina Springs development, where they plan to build a state-of-the-art Iceplex that will shape and develop student-athletes here in Holly Springs. The 320,000-square-foot facility will include a boarding school and an indoor ice sports training center with four regulation-size ice rinks. The added amenity will further distinguish Holly Springs in the marketplace and foster economic growth and sports tourism.

In September 2022, Wake Tech Community College announced the permanent home for their Western Wake Campus. It 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 our local small businesses.

Staff remains mindful of certain economic and environmental factors that will continue to have a financial impact on the town. As with organizations across the world, the town has been affected by the historically high-levels of inflation, as well as the continued supply chain disruptions. Each of these factors has, and will continue, to significantly affect the town financially as witness the increasing of project costs for both the current and planned major capital projects. The federal reserve has taken an aggressive plan of action to combat this by raising the federal funds rate. The rate has been raised three times in calendar year 2022. Moving from 0.25% (March 2022) to 3.25% (September 2022), with discussion of additional raising upward to 4.50% by the end of December 2022 and an anticipated recession in 2023. It is important that management notes this because the town will be affected by this as it will increase 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 2013, the total assessed value of the tax base has increased \$3.3 billion to \$6.9 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 town parks, as well as improvements to streets, sidewalks and greenways. 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 with Moody's Investor Service and Standard & Poor's, Aa1 and AAA, respectively.

Some highlights of fiscal year 2021-2022 are as follows:

- ❖ Amgen manufacturing facility, one of the world's leading biotechnology companies. Amgen will invest \$550 million in the Town, creating 355 new jobs
- ❖ Implemented the new WaterSmart portal to assist utility customers with tracking their water usage and detect leaks
- ❖ Updated Comprehensive Transportation "CTP" Plan to coordinate future development, establish policies and programs, and get projects funded.
- ❖ Completed the Utility Rate Study, which analyzed the Town's customer base, usage patterns, and recommended changes to rates and charging structure.
- ❖ Construction of the Arbor Creek/Middle Creek Greenway.
- ❖ Implemented a new Utility Debt Affordability Model

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 have been completed over the past year or are in progress:

- ❖ Cass Holt Park – develop park west of NC 55; planning and design is still underway
- ❖ Holly Springs Road Widening – road widening to 4-lane median with sidewalk from Flint Point Lane to Sunset Lake Road
- ❖ Operation Center Campus – a new site location and facility to allow for expansion utilities and public works functions
- ❖ Sanford Water Capacity Project –expand the water capacity for current and future developments
- ❖ Friendship Utilities Project – provide utility services to a planned subdivision
- ❖ Fire Station 3 – establish a new fire station to service the west area of the Town
- ❖ Utley Creek Greenway Expansions – increase greenways for public usage

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 2027. The Town has issued \$22 million of the total \$40 million of bonds and has \$18 million of general obligation bonds authorized but unissued from the November 2018 referendum for transportation improvements. 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, 2023:

- ❖ Fire Station #3 and Fire Truck Replacement - \$11.2 million and \$1.5 million, respectively
- ❖ Operations Center Complex - \$30 million, which will be allocated between General Fund and Utility Fund
- ❖ Transportation Improvements – \$18 million
- ❖ Sanford Water Capacity project - \$38 million



In addition, the town is looking toward the future and has determined the need for a new park development west of Highway 55. Town administration is currently discussing the potential for a \$60 million bond referendum to be held in November 2023. The Town was also awarded \$12 million in funds from the American Rescue Plan and has leveraged the proceeds to implement upgrades to pump stations, water lines, upsize force mains, and to expand the community's water capacity.

### **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 authorizations. Budgetary control is facilitated by the use of 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, 2020, for a 16<sup>th</sup> consecutive year. Due to delays at the national level the Town has not yet been awarded the certificate for the fiscal year ended June 30, 2021. Management, however, does anticipate that we will be awarded the certification for the 17<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.

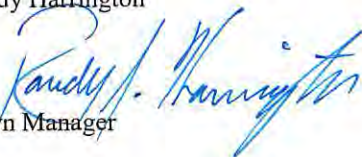
In addition, the Town received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended June 30, 2022, for the 2<sup>nd</sup> consecutive year. To qualify for the Distinguished Budget Presentation Award, the budget document had to be judged to be proficient 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 operations. 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 Harrington

Town Manager



Alan Antwan Morrison

Finance Director



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

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Shaun McGrath  
*Councilmember*

12/2019 to 12/2023

Timothy Forrest  
*Councilmember*

12/2021 to 12/2025

Daniel H. Berry  
*Mayor Pro-Tem*

12/2021 to 12/2025

Kristi Bennett  
*Councilmember*

12/2021 to 12/2025

Sean Mayefskie  
*Mayor*

12/2021 to 12/2025

Aaron Wolff  
*Councilmember*

12/2019 to 12/2023

# Town of Holly Springs, North Carolina

## TOWN ADMINISTRATION AND DIRECTORS

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### Town Administration and Directors

**Randy J. Harrington**

*Town Manager\**

**Daniel Weeks**

*Assistant Town Manager*

**J. Scott Chase**

*Assistant Town Manager*

**John Schifano**

*Town Attorney\**

**Linda McKinney**

*Town Clerk\**

### Department Directors

**Kendra Parish**

*Utilities & Infrastructure*

**Irena Krstanovic**

*Economic Development*

**LeRoy Smith**

*Fire*

**Daniel Weeks**

*Interim 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*

**Antwan Morrison**

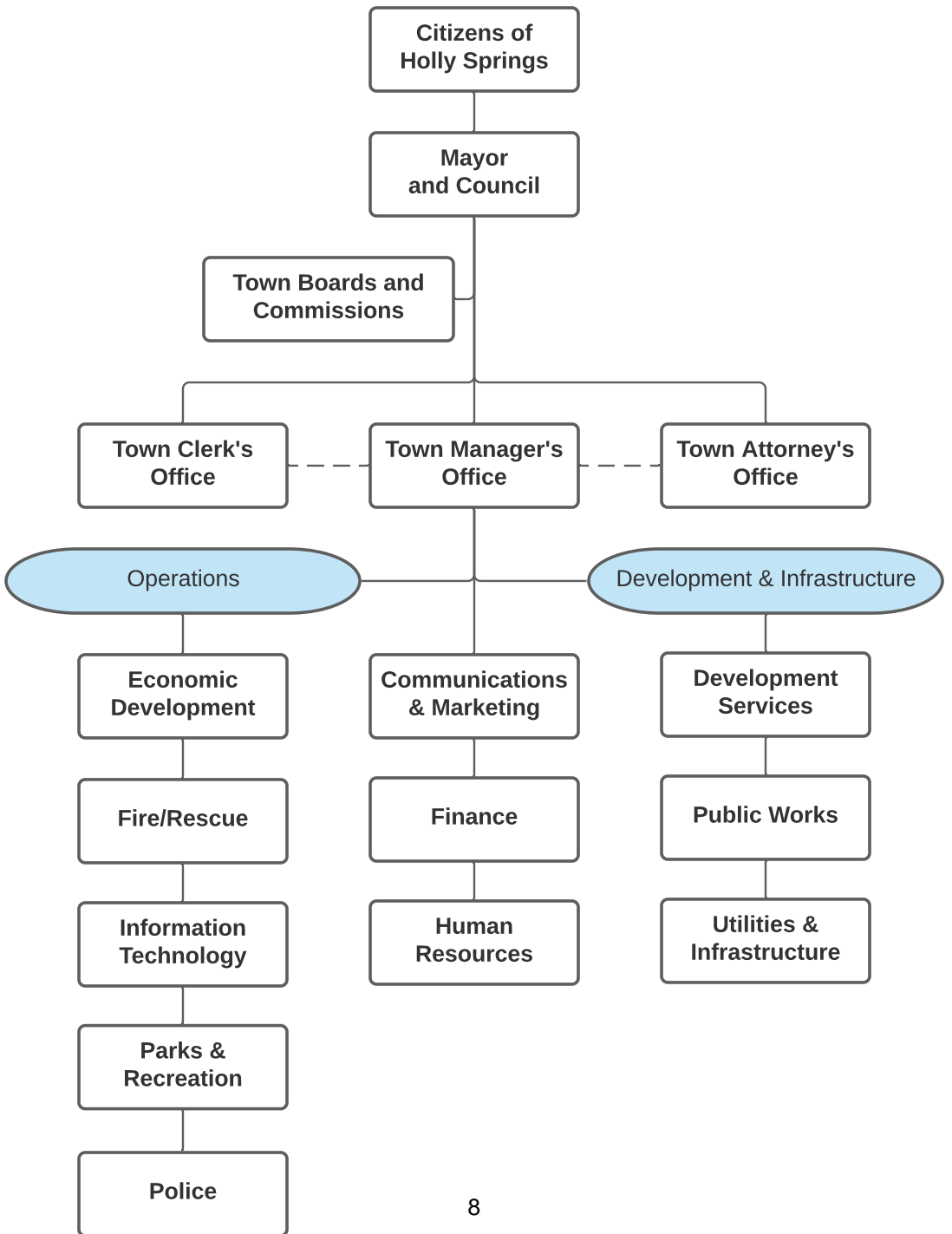
*Finance*

**Corey Petersohn**

*Budget, Innovation & Strategy*

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





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

## **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, 2022, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **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 individual fund financial statements and schedules and other schedules and the 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 for 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 individual fund financial statements and schedules and other schedules and the 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.



**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 October 31, 2022, 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".

Raleigh, North Carolina  
October 31, 2022

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

JUNE 30, 2022

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As management of the Town of Holly Springs, 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, 2022. 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 approximately \$330.3 million (*net position*).
- The government's total net position increased by \$29.3 million in fiscal year 2022. \$4.3 million of the increase resulted from governmental activities, and \$25.0 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 approximately \$91.3 million. The total fund balance increased \$4.8 million in the general fund, \$1.4 million in the Debt Service Fund, \$2.4 million in the Parks and Recreation project fund, \$.6 million in the Nonmajor Funds and decreased \$0.1 million in the Street and Sidewalk project fund and \$20.8 million in the Business Park Development Fund, resulting in a net decrease in total governmental funds combined fund balance of \$11.8 million.
- Approximately \$66.9 million of the total combined ending governmental fund balance is restricted as compared to \$77.8 million last year. This is primarily due to the real-property purchase as part of the FujiFilm Diosynth Biotechnologies economic development incentive.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10.8 million or 23% of total General Fund expenditures (includes debt service) for the fiscal year.
- The Town bond rating is AAA with Standard and Poor's and Aa1 with Moody's Rating Services. The North Carolina Municipal Council has the town's rating as an "83", which is comparable to a rating of "A+/A1" by the national rating agencies.

### 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 of Holly Springs.

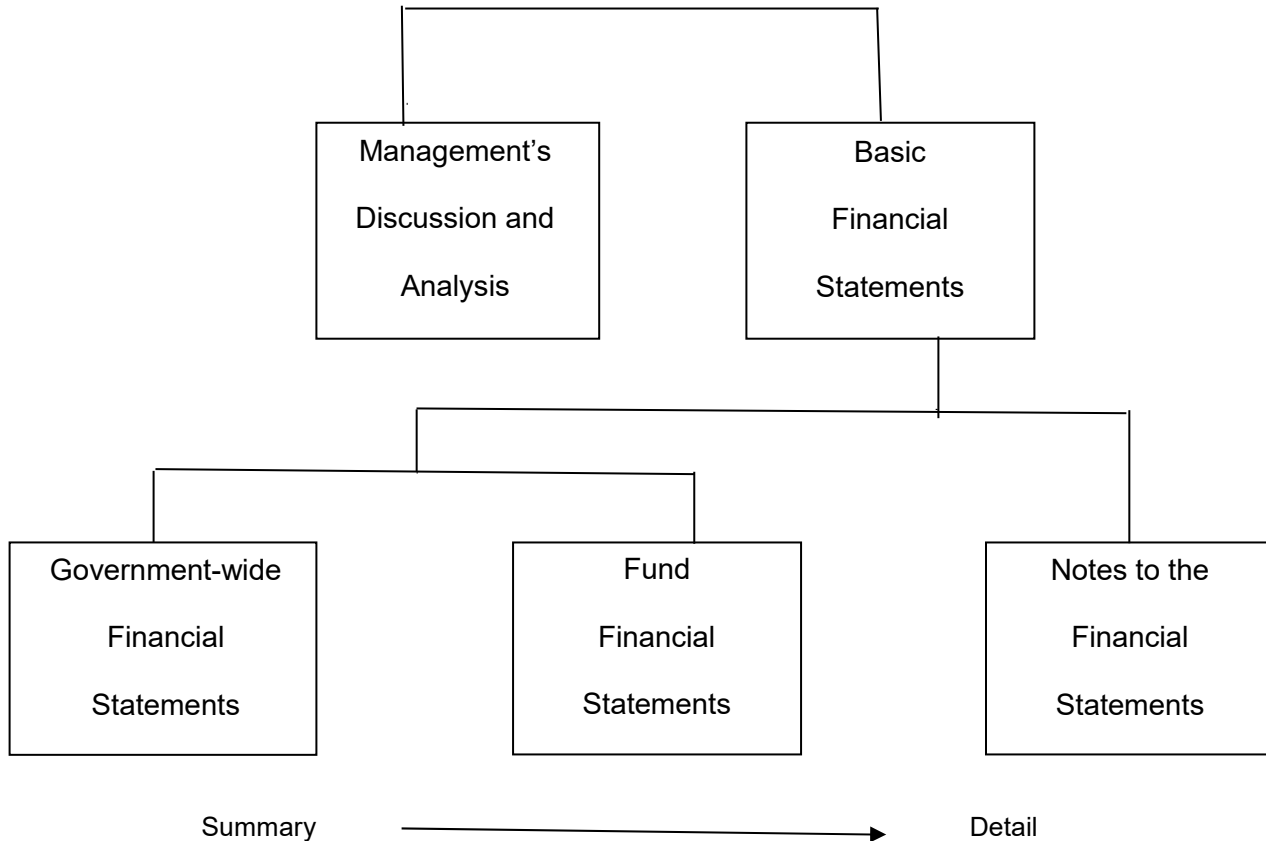
**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2022

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**Required Components of Annual Financial Report**

**Figure 1**



**Basic Financial Statements**

The first two statements (Exhibits 1 and 2) 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 (Exhibits 3 through 11) 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 three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the proprietary fund statements and 3) 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, 2022

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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. The 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. The business-type activities are those that the Town charges customers to provide. These include the utility, system development, and storm water management services offered by the Town of Holly Springs.

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 Exhibits 1 and 2 of this report.

### Fund Financial Statements

The fund financial statements (see Figure 2) 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 of Holly Springs can be divided into two categories: governmental funds and proprietary 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 him or her 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 of Holly Springs 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 or not 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

**Proprietary Funds** – The Town of Holly Springs has two proprietary funds, *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 of Holly Springs uses an Enterprise Fund to account for its water and wastewater activity as well as its storm water management program. 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** – The Town of Holly Springs has fiduciary funds. A fiduciary fund is described as activities that local governments carry out for the benefit of individuals and other agencies outside the government such as employee groups, members of the public or other governments. The Town established an investment account through the Ancillary Government Participant Investment Program (AGPIP) with the North Carolina Department of State Treasury for OPEB purposes. Accounting for fiduciary funds is much like accounting used for proprietary funds.

**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 37 through 77 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 of Holly Spring's progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found beginning on page 78 of this report.

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 approximately \$330.3 million as of June 30, 2022. The Town's net position increased by \$29.3 million for the fiscal year ended June 30, 2022. The majority of the Town's net position (\$209.7 million or 63.5%) 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 of Holly Springs uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Holly Spring'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 of Holly Spring's net position (approx. \$72.3 million) represents resources that are subject to external restrictions on how they may be used.

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 101,496,469	\$ 109,611,433	\$ 70,740,486	\$ 60,877,945	\$ 172,236,955	\$ 170,489,378
Capital assets	167,205,758	153,972,227	133,323,235	123,777,505	300,528,993	277,749,732
<b>Total assets</b>	<b>268,702,227</b>	<b>263,583,660</b>	<b>204,063,721</b>	<b>184,655,450</b>	<b>472,765,948</b>	<b>448,239,110</b>
Deferred outflows of resources	7,661,179	6,346,676	1,327,001	1,165,562	8,988,180	7,512,238
<b>Total assets and deferred outflows of resources</b>	<b>276,363,406</b>	<b>269,930,336</b>	<b>205,390,722</b>	<b>185,821,012</b>	<b>481,754,128</b>	<b>455,751,348</b>
Long-term liabilities	91,645,476	99,798,074	38,239,212	35,773,682	129,884,688	135,571,756
Other liabilities	15,370,253	11,905,004	8,529,772	6,914,348	23,900,025	18,819,352
<b>Total liabilities</b>	<b>107,015,729</b>	<b>111,703,078</b>	<b>46,768,984</b>	<b>42,688,030</b>	<b>153,784,713</b>	<b>154,391,108</b>
Deferred inflows of resources	7,187,118	350,958	1,728,692	44,948	8,915,810	395,906
<b>Total liabilities and deferred inflows of resources</b>	<b>114,202,847</b>	<b>112,054,036</b>	<b>48,497,676</b>	<b>42,732,978</b>	<b>162,700,523</b>	<b>154,787,014</b>
Net Position:						
Net investment in capital assets	107,213,114	97,753,459	102,030,136	90,407,264	209,243,250	188,160,723
Restricted	65,907,494	76,406,801	6,901,683	-	72,809,177	76,406,801
Unrestricted	(10,960,049)	(16,283,960)	59,188,893	52,680,770	48,228,844	36,396,810
<b>Total net position</b>	<b>\$ 162,160,559</b>	<b>\$ 157,876,300</b>	<b>\$ 168,120,712</b>	<b>\$ 143,088,034</b>	<b>\$ 330,281,271</b>	<b>\$ 300,964,334</b>

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

JUNE 30, 2022

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 10,482,158	\$ 8,192,054	\$ 24,370,218	\$ 24,804,128	\$ 34,852,376	\$ 32,996,182
Operating grants and contributions	1,596,014	1,577,170	27,047	-	1,623,061	1,577,170
Capital grants and contributions	9,863,429	17,181,170	3,018,954	5,396,694	12,882,383	22,577,864
General Revenues:						
Property taxes	29,064,809	26,867,688	-	-	29,064,809	26,867,688
Other taxes	809,962	685,529	-	-	809,962	685,529
Other revenues	18,715,551	16,552,738	17,960,922	501,124	36,676,473	17,053,862
Total Revenues	70,531,923	71,056,349	45,377,141	30,701,946	115,909,064	101,758,295
Expenses:						
General government	14,145,144	22,941,073	-	-	14,145,144	22,941,073
Public safety	13,804,821	11,940,360	-	-	13,804,821	11,940,360
Public works	7,028,387	5,291,086	-	-	7,028,387	5,291,086
Economic and physical development	24,467,841	4,228,795	-	-	24,467,841	4,228,795
Cultural and recreation	5,076,874	2,277,614	-	-	5,076,874	2,277,614
Interest on long-term debt	2,641,647	889,600	-	-	2,641,647	889,600
Water and sewer	-	-	18,579,677	15,782,975	18,579,677	15,782,975
Stormwater management	-	-	847,736	684,096	847,736	684,096
Total Expenses	67,164,714	47,568,528	19,427,413	16,467,071	86,592,127	64,035,599
Change in net position before transfers	3,367,209	23,487,821	25,949,728	14,234,875	29,316,937	37,722,696
Transfers	917,050	(357,567)	(917,050)	357,567	-	-
Change in net position	4,284,259	23,130,254	25,032,678	14,592,442	29,316,937	37,722,696
Net position, July 1	157,876,300	134,494,237	143,088,034	129,065,457	300,964,334	263,559,694
Prior period adjustment	-	251,809	-	(569,865)	-	(318,056)
Net position, June 30	\$ 162,160,559	\$ 157,876,300	\$ 168,120,712	\$ 143,088,034	\$ 330,281,271	\$ 300,964,334

**Governmental activities:**

The Town's total governmental revenues were \$70.5 million. Program revenues (31.0%) include: Charges for services of \$10.5 million, operating grants and contributions \$1.6 million and capital grants and contributions of \$9.9 million. General revenues (69.0%) include: property taxes of \$29.1 million, other taxes of \$0.8 million and other miscellaneous revenues of \$18.7 million. The Town's total governmental expenses were \$67.2 million, resulting in an increase in the Town's net position of \$3.4 million plus \$0.9 million in transfers for a total increase in net position of \$4.3 million from governmental activities, accounting for 14.0% of the total growth in the Town's net position

**Business-type activities:**

The Town's total business-type revenues were \$45.4 million. Program revenues (60.4%) include: Charges for services of \$24.4 million and capital grants and contributions of \$3.0 million. Other revenues of \$18.0 million (39.6%) are primarily from nonrecurring miscellaneous payments. The Town's total business-type expenses were \$19.4 million which resulted in an increase in the Town's net position by \$25.0 million from business-type activities, accounting for 86.0% of the total growth in the Town's net position.



# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

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### Financial Analysis of the Town's Funds

As noted earlier, the Town of Holly Springs 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. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year. This is the portion of the fund balance remaining after subtracting the amounts that have been restricted (usually by NC state law) or assigned (designated for a specific purpose by the Town's management). The town's policy is for General Fund unassigned fund balance to be between 20 – 25% of General Fund expenditures.

The General Fund is the chief operating fund of the Town of Holly Springs. At the end of the fiscal year, the unassigned fund balance was \$10.8 million, while the total fund balance increased to \$30.3 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, 2022, unassigned fund balance was 23% of the year's expenditures (39.3% in 2021), while the total fund balance represents 64.1% of the same amount (62.4% in 2021).

The Town strives to maintain a favorable minimum unassigned fund balance. Amounts in excess of this minimum may be used for construction projects when the town wishes to avoid the issuance of additional debt, for emergency work needed after natural disasters, or for maintaining a stable tax rate when economically dependent revenues (i.e. sales tax) are less than budgeted amount. The Town does not budget fund balance during the budget process.

The decrease in unassigned fund balance was an intentional result of managerial decision. Funds in excess of the lower limit (20%) can be used for one-time capital-related purposes. Management further determined that funding that exceed 30% will automatically be moved from the General Fund into the PayGo Fund or Debt Service Fund. During FY 2022 staff funded several one-time capital needs totaling \$3.7 million. This amount represents the total fund balance available, in excess of 30% of unassigned fund balance based on the previous fiscal year's financial statements. The projects funded are as follow:

1) Holly Springs Road Widening	\$2,000,000
2) Yard Waste Model	950,000
3) GIS Asset Inventory	200,000
4) Facility Asset Management Plan	200,000
5) Playground Rehabilitation	316,311

At year-end, the governmental funds of the Town of Holly Springs reported a combined total fund balance of \$91.3 million, a decrease of \$11.7 million from the prior year. The nonmajor funds were comprised of special revenue and capital project funds. The total fund balances of the nonmajor funds were \$3.0 million, the Street and Sidewalk Project Fund balance was \$27.2 million, Parks and Recreation Project Fund was \$21.2 million and Debt Service Fund was \$9.6 million. The most notable change from prior year's fund balance is the Business Park Capital Project Fund. During the year the town purchased land for \$20.8 million, which was conveyed to Fujifilm Diosynth Biotechnologies.

#### 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 ad valorem and sales tax collections. Actual revenues were higher than anticipated revenues by \$2.7 million. As we continued to work through the uncertainty of the pandemic revenue receipts and expenditure budgets were closely monitored to effectively assess the impact on our financial projections and standing. Actual expenditures were \$5.5 million less than appropriated.

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

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

JUNE 30, 2022

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

### **Governmental Funds Highlights:**

In the fiscal year ending June 30, 2021, the town successfully increased its unassigned fund balance to 39.3%. As discussed above, the town's policy is to remain between 20-25%. During the current fiscal year management made the decision to use fund balance reserves in excess of 30% or \$3.7 million, based on the fund balance amount at June 30, 2021, for one-time capital related purposes. Of this amount, \$2 million of this balance was used to fund street improvement projects, \$1 million set aside to fund the upcoming yard-waste model revamp and the remainder was used to funds various other governmental fund projects.

During the year activity on projects funded with the 2018 Transportation Bond, which authorized \$40 million for street and sidewalk improvements, 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 Spring Road Widening. As a result of the challenges within the market project construction costs have continued to rise significantly. Staff remains cognizant of the challenge, continues to value engineer all projects and identify options to adequately manage these costs.

In July 2021 the town purchased 150 acres of real property for \$22 million, which includes cost of issuance. The land was conveyed to Fujifilm Diosynth Biotechnologies as part of their economic development incentive. This project is expected to increase the town total assessed valuation by \$1.5 billion by January 1, 2026.

### **Proprietary Funds:**

Unrestricted net position of the Utility Fund at the end of the fiscal year was \$47.1 million, the Storm Water Management Program was \$2.5 million and the Systems Development Fund was \$9.1 million. The change in net position was an increase of \$25.0 million primarily due to Charges for Services, Grants and Contributions and the System Development Fund for infrastructure needs. In efforts to ensure staff may successfully continue meeting the growing needs of the community the town issued a \$716,000 installment financing contract for equipment purchases.

The town has commenced work on the Friendship Utilities project, which is a \$30 million project that will provide access to all the utility infrastructure required for modern life science facilities within the Helix Innovation Park at Friendship. In support of this project the town has been awarded a \$8 million grant and received a \$5 million of the \$9.3 million developer contribution which will assist with funding the project.

## **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, 2022, totals \$300,528,993 (net of depreciation). These assets include buildings, roads and bridges, intangible assets for water rights, machinery and equipment, vehicles and park facilities and right of use assets.

Major capital asset transactions during the year include:

- Avent Ferry Pump Station Forcemain - \$2,863,726
- Bass Lake Hurricane Matthew Repairs - \$1,166,124
- Developer Contributions - \$4,131,754
- Fire Tiller Truck - \$1,332,381
- Powell Bill Streets, Right of Way and Sidewalks - \$7,108,715
- Utility AMI Network - \$2,301,864

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

JUNE 30, 2022

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 33,075,711	\$ 30,624,036	\$ 168,895	\$ 153,725	\$ 33,244,606	\$ 30,777,761
Building and systems	23,850,614	23,652,109	111,602	116,710	23,962,216	23,768,819
Water and sewer operating plant	-	-	117,563,472	113,391,259	117,563,472	113,391,259
Improvements other than buildings	15,403,959	3,960,247	-	-	15,403,959	3,960,247
Intangible assets (water rights)	-	-	3,157,122	3,326,078	3,157,122	3,326,078
Right of use - leased assets	203,788	-	496,300	-	700,088	-
Machinery and equipment	1,657,046	14,971,640	430,887	221,978	2,087,933	15,193,618
Infrastructure	68,792,369	64,602,390	1,422,703	1,469,641	70,215,072	66,072,031
Vehicles and motorized equipment	6,067,577	1,812,114	980,101	155,773	7,047,678	1,967,887
Construction in progress	18,154,694	14,349,691	8,992,153	4,942,341	27,146,847	19,292,032
Total	\$ 167,205,758	\$ 153,972,227	\$ 133,323,235	\$ 123,777,505	\$ 300,528,993	\$ 277,749,732

Additional information on the Town's capital assets can be found on pages 50-51 of the notes to the financial statements of this report.

**Town of Holly Springs Outstanding Debt**

**Long-term Debt:**

As of June 30, 2022, the Town of Holly Springs had total long-term debt of \$130.9 million. Of this amount, \$43.1 million represents bonded debt backed by the full faith and credit of the Town. The remainder of the Town's bonded debt is a revenue bond of \$12.0 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 \$20.0 million and limited obligation bonds of \$29.4 million.

General obligation debt of \$16.6 million was refunded for the outstanding of parks and recreation bonds and water and sewer bonds issued in 2012. The refunded debt interest rate is 1.43% and provided the town a bond premium of \$2.3 million. This refunding has saved the town \$1.6 million over the remaining life of the debt.

The Town has two outstanding revenue bonds. \$16.1 million was issued to finance 8 million gallons of water capacity from Harnett County and \$10 million for the expansion to the Town's wastewater treatment plant from 1.75 million gallons per day to 6 million gallons per day. At June 30, 2022, the town has an outstanding obligation of \$12.0 million.

The Town also has recorded \$15.7 million of compensated absences and retirement liabilities for employees.



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

JUNE 30, 2022

The following chart summarizes the Town's long-term debt as of June 30, 2022:

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Installment purchase contracts	\$ 9,419,921	\$ 8,859,489	\$ 10,560,492	\$ 11,329,792	\$ 19,980,413	\$ 20,189,281
General obligation bonds	35,881,542	39,060,000	7,183,458	8,590,000	43,065,000	47,650,000
Limited obligation bonds	29,375,000	30,385,000	-	-	29,375,000	30,385,000
Revenue bonds	-	-	11,954,565	13,450,449	11,954,565	13,450,449
Bond premiums	9,643,637	9,288,838	1,106,124	-	10,749,761	9,288,838
Leases	196,729	-	504,642	-	701,371	-
Compensated absences	1,911,218	1,740,134	382,022	306,173	2,293,240	2,046,307
Net OPEB liability	4,241,833	3,105,159	1,055,857	1,046,219	5,297,690	4,151,378
Pension liability (LGERS)	3,889,608	8,395,252	787,862	1,909,796	4,677,470	10,305,048
Total pension liability (LEOSA)	3,461,719	4,149,377	-	-	3,461,719	4,149,377
Total	\$ 98,021,207	\$ 104,983,249	\$ 33,535,022	\$ 36,632,429	\$ 131,556,229	\$ 141,615,678

The Town's long-term financed debt decrease by \$10.8 million during the fiscal year ended June 30, 2022 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 of Holly Springs is \$445,954,479.

Additional information on the Town's long-term debt can be found in the notes to the financial statements on pages 65 through 74 of this report.

## **Budget Highlights for the Fiscal Year Ending June 30, 2023**

### **Governmental Activities:**

Property taxes account for the largest percentage (44%) of total General Fund Operations and Debt Service revenue. In Fiscal Year 2023, the Town recommended no property tax change. The recommended budget reflects strong economic vitality. The Town has chosen not to appropriate fund balance in the fiscal year 2023 budget.

### **Personnel:**

To keep pace with the population growth, as well as to continue providing excellent service the town added twenty-eight new positions including two (2) new public safety, four (4) development services and seven (7) utility and infrastructure staff members. Council has also chosen to implement the recommendations of the town-wide pay and classification study performed during the fiscal year ending June 30, 2022, to ensure that the organization remains competitive and continues to attract top talent. The town will also be implementing our first three-person stormwater maintenance crew to focus on clearing debris from stormwater pipes which causes blockages and reduces capacity to move stormwater. Also, in effort to continue managing the ever-rising healthcare costs the town has switched brokers. The town is now part of the North Carolina Healthcare Insurance Pool "NCHIP", which is a group self-insurance pool for benefit risk sharing amongst other like local governments. This pool will not only allow us to share in the risk, but also provide a more stable and predictable manner by which we can project fluctuations within our rates increases.

### **Operations:**

In addition, council approved the implementation of the Office of Customer Care, which is a division with the Town Manager's Office. This newly created division will reclassify two (2) current town employees and hire two additional staff members for total of four (4) employees. The goal of this division provides a simplified, efficient single source for residents and businesses to inquire about town service requests and questions.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

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Staff will be undergoing a modernization of the current yard waste collection model, moving from the current side-of-the-street collections to a roll-out-cart model. This will assist with the reduction of yard waste entering the town's streams, creeks, rivers, improve traffic safety and neighborhood aesthetics. Included within the budget for this update is new equipment, carts and public education. In support of this change council approved a \$0.50 increase to the monthly residential yard waste collection fee.

### ***Capital Investments:***

Annually the town updates the Community Investment Plan (CIP) document, which 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 (\$11.2 million), Operations Center Phase 1 (\$30 million – shared between General Fund and Utility Fund), design of new Cass Holt Park site (\$2 million) and a replacement fire truck (\$1.5 million).

- Cass Holt Road Park is an important investment for the community as it will help further our goals of providing more equitable access to parks and greenways in the growing, western portion of the town limits – as it will be the first park west of NC 55. It also 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.
- Fire Station #3 will replace an existing fire department facility that is inadequate for service delivery. The proposed facility would dramatically increase the health and safety of our firefighters. Also, the new station will be within a few miles of several critical infrastructure projects such as NC540, UNC Rex Hospital, Amgen medical sciences manufacturing facility, Fujifilm Diosynth Biotechnologies.
- Operation Center Campus 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 redundancy and conserve the town's physical, financial and natural resources.

### **Business-Type Activities:**

The town implemented a new utility rate model which better aligns our system with industry best practices and more equitably allocates access fee charges. In addition, council made the decision to adjust the system development fee, which supports new utility infrastructure associated with growth. The updated model was a critical factor for the creation of the town's new Utility Debt Capacity model. Within the upcoming years the town has several significant utility projects. The most notable are Sanford Water Capacity (\$37.5 million), Holly Springs-Fuquay Conveyance (\$48.3 million) and Friendship Northwest Area Utilities project (\$30 million). Over the course of the fiscal year ending June 30, 2023 staff will engage council for discussion and implementation of recommendations for funding these important projects. It is anticipated that the town will issue debt to fund the portion of those three projects not covered by grant, developer contributions or other general government revenues. It is expected that general revenues will include rates, as well as planned use of our sizable utility fund equity.

### **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 Antwan Morrison, Finance Director, Town of Holly Springs, Post Office Box 8, Holly Springs, North Carolina, 27540.

## TOWN OF HOLLY SPRINGS, NORTH CAROLINA

Exhibit 1

## STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental	Business-type	
	Activities	Activities	Total
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 45,674,526	\$ 61,051,586	\$ 106,726,112
Taxes receivables (net)	53,478	-	53,478
Accounts receivable (net)	837,847	3,131,115	3,968,962
Accrued interest receivable	65,489	24,638	90,127
Due from other governments	6,074,497	7,756,704	13,831,201
Lease receivable	1,168,195	282,562	1,450,757
Prepaid expenses	257,353	32,647	290,000
Total Current Assets	54,131,385	72,279,252	126,410,637
Noncurrent Assets:			
Restricted cash and cash equivalents	47,365,084	9,688,900	57,053,984
Capital assets			
Right of use - leased assets	203,788	496,300	700,088
Land, improvements, and construction in progress	51,230,406	9,161,048	60,391,454
Unamortized water and water capacity rights	-	7,634,204	7,634,204
Other capital assets, net of depreciation	115,771,564	116,031,683	231,803,247
Total Capital Assets	167,205,758	133,323,235	300,528,993
Total Noncurrent Assets	214,570,842	143,012,135	357,582,977
<b>Total Assets</b>	<b>268,702,227</b>	<b>215,291,387</b>	<b>483,993,614</b>
<b>Deferred Outflows of Resources</b>			
Contributions to LGERS pension plan in current fiscal year	2,121,186	312,200	2,433,386
Pension deferrals - LGERS	3,662,307	871,874	4,534,181
Law enforcement separation allowance deferrals	1,223,127	-	1,223,127
Other postemployment benefits deferrals	654,559	142,927	797,486
<b>Total Deferred Outflows of Resources</b>	<b>7,661,179</b>	<b>1,327,001</b>	<b>8,988,180</b>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable	3,653,560	1,439,964	5,093,524
Due to other governments	261,241	-	261,241
Salaries and benefits payable	803,767	262,782	1,066,549
Accrued interest payable - bonds	440,380	240,353	680,733
Accrued interest payable - leases	1,801	58,519	60,320
Customer deposits	3,833,773	2,757,950	6,591,723
Compensated absences	1,054,983	178,428	1,233,411
Lease liability	83,594	10,203	93,797
Bonds and notes payable	5,237,154	3,581,573	8,818,727
Total Current Liabilities	15,370,253	8,529,772	23,900,025

The accompanying notes are an integral part of these financial statements.

## TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## Exhibit 1 (continued)

## STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
<b>Long-Term Liabilities:</b>			
Payable from restricted assets	-	8,474,394	8,474,394
Compensated absences	856,235	203,594	1,059,829
Total pension liability - LEOSSA	3,461,719	-	3,461,719
Pension liability - LGERS	3,889,608	787,862	4,677,470
Total other postemployment liability	4,241,833	1,055,857	5,297,690
Lease liability	113,135	494,439	607,574
Bonds and notes payable	79,082,946	27,223,066	106,306,012
Total Long-Term Liabilities	91,645,476	38,239,212	129,884,688
<b>Total Liabilities</b>	<b>107,015,729</b>	<b>46,768,984</b>	<b>153,784,713</b>
<b>Deferred Inflows of Resources</b>			
Prepaid taxes	28,912	-	28,912
Pension deferrals - LGERS	5,367,687	1,341,228	6,708,915
Other postemployment benefits deferrals	455,287	107,311	562,598
Law enforcement separation allowance deferrals	179,388	-	179,388
Leases	1,155,844	280,153	1,435,997
<b>Total Deferred Inflows of Resources</b>	<b>7,187,118</b>	<b>1,728,692</b>	<b>8,915,810</b>
<b>Net Position</b>			
Net investment in capital assets	107,213,114	102,030,136	209,243,250
Restricted for			
Stabilization by state statute	7,918,199	-	7,918,199
Inspections (HB 255)	1,578,664	-	1,578,664
Development services	3,833,773	-	3,833,773
Equipment and vehicles	1,751,408	-	1,751,408
Street and sidewalk improvements	28,597,391	-	28,597,391
Public Safety	881,516	-	881,516
Parks and recreation	21,217,556	-	21,217,556
General government programs	128,987	6,901,683	7,030,670
Unrestricted	(10,960,049)	59,188,893	48,228,844
<b>Total Net Position</b>	<b>\$ 162,160,559</b>	<b>\$ 168,120,712</b>	<b>\$ 330,281,271</b>

The accompanying notes are an integral part of these financial statements.



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

**Exhibit 2**

*FOR THE YEAR ENDED JUNE 30, 2022*

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 14,145,144	\$ 4,608	\$ 253,344	\$ -	\$ (13,887,192)	\$ -	\$ (13,887,192)
Public safety	13,804,821	-	1,288,755	-	(12,516,066)	-	(12,516,066)
Public works	7,028,387	3,306,669	53,915	8,221,515	4,553,712	-	4,553,712
Economic and physical development	24,467,841	2,601,694	-	1,281,142	(20,585,005)	-	(20,585,005)
Cultural and recreation	5,076,874	4,569,187	-	360,772	(146,915)	-	(146,915)
Interest on long-term debt	2,641,647	-	-	-	(2,641,647)	-	(2,641,647)
Total governmental activities	<u>67,164,714</u>	<u>10,482,158</u>	<u>1,596,014</u>	<u>9,863,429</u>	<u>(45,223,113)</u>	<u>-</u>	<u>(45,223,113)</u>
Business-type activities:							
Utility	18,579,677	22,814,857	27,047	3,018,954	-	7,281,181	7,281,181
Stormwater management	847,736	1,555,361	-	-	-	707,625	707,625
Total business-type activities	<u>19,427,413</u>	<u>24,370,218</u>	<u>27,047</u>	<u>3,018,954</u>	<u>-</u>	<u>7,988,806</u>	<u>7,988,806</u>
Total	<u>\$ 86,592,127</u>	<u>\$ 34,852,376</u>	<u>\$ 1,623,061</u>	<u>\$ 12,882,383</u>	<u>(45,223,113)</u>	<u>7,988,806</u>	<u>(37,234,307)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					29,064,809	-	29,064,809
Other taxes and licenses					809,962	-	809,962
Unrestricted intergovernmental					16,650,541	-	16,650,541
Unrestricted investment earnings					932,478	99,211	1,031,689
Miscellaneous					1,132,532	17,861,711	18,994,243
Total general revenues not including transfers					<u>48,590,322</u>	<u>17,960,922</u>	<u>66,551,244</u>
Transfers					917,050	(917,050)	-
Total general revenues and transfers					<u>49,507,372</u>	<u>17,043,872</u>	<u>66,551,244</u>
Change in net position					4,284,259	25,032,678	29,316,937
Net position-beginning					157,876,300	143,088,034	300,964,334
Net position-ending					<u>\$ 162,160,559</u>	<u>\$ 168,120,712</u>	<u>\$ 330,281,271</u>

The accompanying notes are an integral part of these financial statements.

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

**Exhibit 3**

JUNE 30, 2022

	General	Debt Service Fund	Street & Sidewalk Projects Fund	Parks & Rereation Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 19,627,228	\$ -	\$ 8,481,479	\$ 16,600,744	\$ 965,075	\$ 45,674,526
Receivables, net						
Taxes	37,969	15,509	-	-	-	53,478
Accounts	837,397	-	-	-	450	837,847
Lease interest	65,489	-	-	-	-	65,489
Due from other governments	4,717,903	61,108	868,793	403,386	23,307	6,074,497
Lease receivable	1,168,195	-	-	-	-	1,168,195
Prepaid expenditures	257,353	-	-	-	-	257,353
Restricted cash and cash equivalents	11,265,436	9,510,523	20,048,175	4,519,042	2,021,908	47,365,084
<b>Total Assets</b>	<b>\$ 37,976,970</b>	<b>\$ 9,587,140</b>	<b>\$ 29,398,447</b>	<b>\$ 21,523,172</b>	<b>\$ 3,010,740</b>	<b>\$ 101,496,469</b>
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ 6,010,889	\$ -	\$ 1,948,494	\$ 313,029	\$ 18,691	\$ 8,291,103
Due to other governments	-	-	241,103	20,138	-	261,241
<b>Total Liabilities</b>	<b>6,010,889</b>	<b>-</b>	<b>2,189,597</b>	<b>333,167</b>	<b>18,691</b>	<b>8,552,344</b>
<b>Deferred Inflow of Resources</b>						
Property taxes receivable	37,969	15,509	-	-	-	53,478
Leases	1,155,844	-	-	-	-	1,155,844
Unavailable revenues	421,888	-	-	-	-	421,888
Prepaid taxes	22,184	6,728	-	-	-	28,912
Total deferred inflows of resources	1,637,885	22,237	-	-	-	1,660,122
<b>Fund Balances</b>						
Non Spendable						
Prepayments	257,353	-	-	-	-	257,353
Leases	12,351	-	-	-	-	12,351
Restricted						
Stabilization by state statute	7,918,199	-	-	-	-	7,918,199
Development Services	3,833,773	-	-	-	-	3,833,773
Inspections HB 255	545,942	-	-	-	1,032,722	1,578,664
Public safety	-	-	-	-	898,843	898,843
Parks and recreation	27,551	-	-	21,190,005	-	21,217,556
Equipment and vehicles	1,751,408	-	-	-	-	1,751,408
Street and sidewalk improvements	1,388,541	-	27,208,850	-	-	28,597,391
General Government	-	-	-	-	931,498	931,498
Grants:						
Economic Development	-	-	-	-	11,901	11,901
Public Safety	-	-	-	-	86,193	86,193
Parks and recreation	-	-	-	-	30,892	30,892
Committed						
PayGo	3,410,536	-	-	-	-	3,410,536
Public Safety - LEOSSA	344,518	-	-	-	-	344,518
Assigned						
Debt service	-	9,564,903	-	-	-	9,564,903
Unassigned	10,838,024	-	-	-	-	10,838,024
Total fund balances	30,328,196	9,564,903	27,208,850	21,190,005	2,992,049	91,284,003
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 37,976,970</b>	<b>\$ 9,587,140</b>	<b>\$ 29,398,447</b>	<b>\$ 21,523,172</b>	<b>\$ 3,010,740</b>	<b>\$ 101,496,469</b>

## TOWN OF HOLLY SPRINGS, NORTH CAROLINA

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS

JUNE 30, 2022

Fund balances-total governmental funds		\$ 91,284,003
Amounts reported for governmental activities in the statement of net position are different because;		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	\$ 223,154,617	
Less accumulated depreciation	<u>(56,152,648)</u>	167,001,969
Right to use leased assets in governmental activities are not financial resources and therefore are not reported in the funds.		
Right to use assets	302,725	
Accumulated depreciation	<u>(98,936)</u>	203,789
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		
Government bonds and notes payable	(74,676,463)	
Premiums received on bond issuance	(9,643,637)	
Compensated absences	(1,911,218)	
Other postemployment benefits & liability	(4,241,834)	
Total pension liability - LEOSA	(3,461,719)	
Pension liability - LGERS	<u>(3,889,608)</u>	(97,824,479)
Liabilities for unavailable revenues considered deferred inflows of resources in fund statements.		475,366
Deferred inflows/outflows of resources related to pensions are not reported in the funds - <b>LEOSA</b>		1,043,739
Deferred inflows/outflows of resources related to pensions are not reported in the funds - <b>LGERS</b>		415,706
Deferred inflows/outflows of resources related to pensions are not reported in the funds - <b>Other postemployment benefits</b>		199,376
Other liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Lease liability		(196,729)
Accrued interest payable - leases		(1,801)
Accrued interest expense payable		<u>(440,380)</u>
Net position of governmental activities		<u><u>\$ 162,160,559</u></u>

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

**Exhibit 4**

FOR THE YEAR ENDED JUNE 30, 2022

		Debt Service	Street & Sidewalk	Business	Parks & Rereation	Other Nonmajor	Total
	General	Fund	Projects Fund	Park	Projects Fund	Funds	Governmental
							Funds
<b>Revenues:</b>							
Ad valorem taxes	\$ 20,644,471	\$ 8,420,338	\$ -	\$ -	\$ -	\$ -	\$ 29,064,809
Other taxes	809,962	-	-	-	-	-	809,962
Unrestricted intergovernmental	16,050,143	-	-	-	600,400	-	16,650,543
Restricted intergovernmental	1,162,073	-	1,281,142	-	2,864,392	295,691	5,603,298
Permits and fees	2,601,694	-	-	-	-	-	2,601,694
Sales and services	5,439,843	-	-	-	-	-	5,439,843
Miscellaneous	514,257	23	158,937	-	-	115,791	789,008
Investment earnings	40,596	18,528	38,623	-	18,977	3,907	120,631
Total revenues	47,263,039	8,438,889	1,478,702	-	3,483,769	415,389	61,079,788
<b>Expenditures:</b>							
Current:							
General government	6,862,763	101,674	-	-	-	126,452	7,090,889
Public safety	13,869,436	-	-	-	-	9,094	13,878,530
Public works	6,640,017	-	-	-	-	-	6,640,017
Economic and physcial development	3,677,923	-	-	21,008,944	-	-	24,686,867
Cultural and recreational	5,064,097	-	696	-	2,263	-	5,067,056
Capital outlay	4,298,621	-	5,594,426	-	1,104,034	498,657	11,495,738
Debt service:							
Bond principal	-	2,510,000	-	-	-	-	2,510,000
Bond interest	-	2,302,583	-	-	-	-	2,302,583
Installment note principal	-	1,715,748	-	-	-	-	1,715,748
Installment note interest	-	131,678	-	-	-	-	131,678
Total expenditures	40,412,857	6,761,683	5,595,122	21,008,944	1,106,297	634,203	75,519,106
Revenues under expenditures	6,850,182	1,677,206	(4,116,420)	(21,008,944)	2,377,472	(218,814)	(14,439,318)
<b>Other financing sources (uses):</b>							
Transfers in	5,304,657	250,000	7,400,000	179,735	6,427,439	1,311,792	20,873,623
Transfers out	(9,638,634)	-	(3,430,000)	-	(6,427,439)	(460,500)	(19,956,573)
Issuance of debt	2,276,250	-	-	-	-	-	2,276,250
Debt refunding:							
Principal payments	-	(9,060,000)	-	-	-	-	(9,060,000)
Refunding bonds issued	-	8,533,381	-	-	-	-	8,533,381
Total other financing sources (uses)	(2,057,727)	(276,619)	3,970,000	179,735	-	851,292	2,666,681
Net change in fund balances	4,792,455	1,400,587	(146,420)	(20,829,209)	2,377,472	632,478	(11,772,637)
Fund balance - beginning of year	25,535,741	8,164,316	27,355,270	20,829,209	18,812,533	2,359,571	103,056,640
Fund balance - end of year	\$ 30,328,196	\$ 9,564,903	\$ 27,208,850	\$ -	\$ 21,190,005	\$ 2,992,049	\$ 91,284,003



**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS - RECONCILIATION**

FOR THE YEAR ENDED JUNE 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ (11,772,637)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	\$ 11,495,738	
Less current year depreciation	(6,468,474)	
Loss on disposal	(4,687)	5,022,577

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		2,121,186
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Developer's contributed capital	8,221,515
Change in deferred inflows for unavailable revenues	418,764
Change in unavailable revenue for tax	4,528

The net effect of various miscellaneous transactions involving capital assets is to decrease net position.	(204,546)
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Right to use leased asset capital outlay expenditures which were capitalized	107,274	
Amortization expense for intangible assets	(102,015)	5,259

The issuance of debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Amortization of bond premiums	486,412	
Issuance of debt	(2,276,182)	
Premium received on issuance of debt	(1,166,645)	
Principal payments	4,855,748	
Bond refunding - principal payment	8,430,000	
Bond refunding - issuance of debt	(7,381,542)	
Bond refunding - remove old premium	325,435	
		3,273,226

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 governmental funds.

Compensated absences	(171,084)
Pension Expense - LGERS	(1,687,114)
Pension Expense - LEOSSA	(352,187)
Other postemployment benefits expense	(387,842)
Change in accrued interest payable	(207,386)

Total changes in net position of governmental activities	\$ 4,284,259
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**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****GENERAL FUND****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL***FOR THE YEAR ENDED JUNE 30, 2022*

	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 19,616,934	\$ 20,566,934	\$ 20,644,471	\$ 77,537
Other taxes and licenses	770,331	870,331	809,962	(60,369)
Unrestricted intergovernmental	11,026,500	12,079,000	14,874,833	2,795,833
Restricted intergovernmental	901,391	901,391	966,479	65,088
Permits and fees	2,891,000	2,891,000	2,601,693	(289,307)
Sales and services	5,149,821	5,159,821	5,439,844	280,023
Miscellaneous	517,000	584,207	478,563	(105,644)
Investment earnings	80,000	80,000	37,068	(42,932)
Total revenues	40,952,977	43,132,684	45,852,913	2,720,229
<b>Expenditures:</b>				
Current				
General government	7,728,430	7,794,260	6,897,902	896,358
Public safety	15,072,154	16,480,199	15,444,873	1,035,326
Public works	7,636,644	9,456,499	7,362,058	2,094,441
Economic and physical development	4,553,426	4,958,433	4,045,511	912,922
Cultural and recreational	5,649,823	5,692,602	5,101,949	590,653
Total expenditures	40,640,477	44,381,993	38,852,293	5,529,700
Revenues over (under) expenditures	312,500	(1,249,309)	7,000,620	8,249,929
<b>Other financing sources (uses):</b>				
Transfers in	460,500	460,500	460,500	-
Transfers out	(1,351,000)	(7,441,789)	(7,441,788)	1
Installment note issuance	578,000	2,314,800	2,276,250	(38,550)
Appropriated fund balance	-	5,915,798	-	(5,915,798)
Total other financing sources (uses)	(312,500)	1,249,309	(4,705,038)	(5,954,347)
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>2,295,582</u>	<u>\$ 2,295,582</u>
Fund balance - Beginning of year			22,889,019	
Fund balance - End of year			25,184,601	

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****GENERAL FUND****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL***FOR THE YEAR ENDED JUNE 30, 2022*

A legally budgeted **Powell Bill Fund** is consolidated into the General Fund for reporting purposes:

Unrestricted intergovernmental	1,175,310
Restricted intergovernmental	30,300
Investment earnings	2,688
Operating expenditures	(85,495)
Capital outlay	(1,035,031)
Fund balance - beginning of year	1,300,769

A legally budgeted **Law Enforcement SEP Allowance Fund** is consolidated into the General Fund for reporting purposes:

Investment earnings	627
Miscellaneous revenues	25,000
Fund balance - beginning of year	318,891

A legally budgeted **PayGo Fund** is consolidated into the General Fund for reporting purposes:

Investment earnings	213
Restricted intergovernmental	165,294
Miscellaneous revenues	10,694
Capital outlay	(440,035)
Transfer in	4,844,157
Transfer out	(2,196,846)
Fund balance - beginning of year	1,027,059

Fund balance - end of year (Exhibit 4)

\$ 30,328,196

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	Major Funds		Non-Major Fund	
	Utility Fund	System Development Fee Fund	Stormwater Management Fund	Total
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 48,608,266	\$ 9,700,520	\$ 2,742,800	\$ 61,051,586
Accounts receivable, net (billed)	1,672,992	-	124,252	1,797,244
Accounts receivable, net (unbilled)	1,251,876	-	81,995	1,333,871
Due from other governments	7,755,975	-	729	7,756,704
Lease receivable	282,562	-	-	282,562
Accrued interest receivable - leases	24,638	-	-	24,638
Prepaid expenditures	32,647	-	-	32,647
Restricted cash and cash equivalents	6,901,683	-	2,787,217	9,688,900
Subtotal	66,530,639	9,700,520	5,736,993	81,968,152
<b>Noncurrent assets:</b>				
Capital assets:				
Right of use leased-assets	496,300	-	-	496,300
Land and other non-depreciable assets	9,161,048	-	-	9,161,048
Water and water capacity rights	7,634,204	-	-	7,634,204
Other capital assets, net of depreciation	169,770,627	-	1,542,681	171,313,308
Accumulated depreciation and amortization	(55,197,807)	-	(83,818)	(55,281,625)
Capital assets (net)	131,864,372	-	1,458,863	133,323,235
Subtotal-noncurrent assets	131,864,372	-	1,458,863	133,323,235
Total assets	198,395,011	9,700,520	7,195,856	215,291,387
<b>Deferred Outflows of Resources:</b>				
Contributions to pension plan - LGERS	267,161	-	45,039	312,200
Pension deferrals - LGERS	736,609	-	135,265	871,874
Other post employment benefit deferrals	118,230	-	24,697	142,927
Total deferred outflows of resources	1,122,000	-	205,001	1,327,001
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	673,668	612,440	153,856	1,439,964
Salaries payable	235,102	-	27,680	262,782
Customer deposits	2,271,475	-	486,475	2,757,950
Accrued interest payable - Bond	240,353	-	-	240,353
Accrued interest payable - Leases	58,519	-	-	58,519
Compensated absences	161,331	-	17,097	178,428
Lease liability	10,203	-	-	10,203
Installment purchases and notes payable	1,431,952	-	-	1,431,952
General obligation bonds payable	608,904	-	-	608,904
Revenue bond payable	1,540,717	-	-	1,540,717
Total current liabilities	7,232,224	612,440	685,108	8,529,772
<b>Noncurrent liabilities:</b>				
Pension liability - LGERS	611,518	-	176,344	787,862
Restricted accounts payable and accrued liabilities	6,173,652	-	2,300,742	8,474,394
Compensated absences	179,800	-	23,794	203,594
Total other postemployment benefits liability	957,411	-	98,446	1,055,857
Lease liability	494,439	-	-	494,439
Installment purchases and notes payable	9,128,540	-	-	9,128,540
General obligation bonds payable	7,680,678	-	-	7,680,678
Revenue bond payable	10,413,848	-	-	10,413,848
Total noncurrent liabilities	35,639,886	-	2,599,326	38,239,212
Total liabilities	42,872,110	612,440	3,284,434	46,768,984
<b>Deferred Inflows of Resources</b>				
Pension deferrals - LGERS	1,215,360	-	125,868	1,341,228
Leases	280,153	-	-	280,153
Other post employment benefit deferrals	94,074	-	13,237	107,311
Total deferred inflows of resources	1,589,587	-	139,105	1,728,692
<b>Net Position</b>				
Net investment in capital assets	101,059,733	-	1,458,863	102,518,596
Restricted	6,901,683	-	-	6,901,683
Unrestricted	47,093,898	9,088,080	2,518,455	58,700,433
Total net position	\$ 155,055,314	\$ 9,088,080	\$ 3,977,318	\$ 168,120,712



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

FOR THE YEAR ENDED JUNE 30, 2022

	Major Funds		Non-Major Fund	
	Utility Fund	System Development Fee Fund	Stormwater Management Fund	Total
<b>Operating revenues:</b>				
Charges for services	\$ 17,288,537	\$ -	\$ 1,555,361	\$ 18,843,898
Water and sewer taps	147,980	-	-	147,980
Other operating revenues	1,074,182	3,615,205	-	4,689,387
Total operating revenues	18,510,699	3,615,205	1,555,361	23,681,265
<b>Operating expenses:</b>				
Water and sewer administration	8,007,378	-	-	8,007,378
Wastewater administration and collection	3,719,069	-	-	3,719,069
Water treatment and distribution	1,772,552	-	-	1,772,552
Stormwater management	-	-	794,847	794,847
Depreciation and amortization	4,338,312	-	52,890	4,391,202
Total operating expenses	17,837,311	-	847,737	18,685,048
Operating income	673,388	3,615,205	707,624	4,996,217
<b>Nonoperating revenues (expenses):</b>				
Investment earnings	72,425	17,809	8,977	99,211
Interest expense	(742,365)	-	-	(742,365)
Installment purchases	716,000	-	-	716,000
Gain (loss) on sale asset	30,255	-	-	30,255
Other*	17,831,456	-	-	17,831,456
Total nonoperating revenues (expenses)	17,907,771	17,809	8,977	17,934,557
Income before transfers and capital contributions	18,581,159	3,633,014	716,601	22,930,774
Transfers from other funds	25,293,997	-	1,126,622	26,420,619
Transfers to other funds	(22,216,701)	(3,994,346)	(1,126,622)	(27,337,669)
Capital asset contributions	3,018,954	-	-	3,018,954
Total transfers and capital contributions	6,096,250	(3,994,346)	-	2,101,904
Change in net position	24,677,409	(361,332)	716,601	25,032,678
Net position, beginning of year	130,377,905	9,449,412	3,260,717	143,088,034
Net position, end of year	\$ 155,055,314	\$ 9,088,080	\$ 3,977,318	\$ 168,120,712

\* During the current year the Town engaged in several large capital projects which received outside funding contributions reported above as nonoperating revenues. The projects are as follows: Friendship Northwest Area Utilities, 12 Oaks Phase 2 and Holly Springs Road Forcemain.

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

FOR THE YEAR ENDED JUNE 30, 2022

	Utility Fund	System Development Fee Fund	Stormwater Management Fund	Totals
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 18,126,886	\$ 4,227,646	\$ 1,555,698	\$ 23,910,230
Cash paid for goods and services	(7,833,119)	-	(648,821)	(8,481,940)
Cash paid to employees for services	409,917	-	11,247	421,164
Other operating revenues	132,763	-	1,260,282	1,393,045
Customer deposits received	735,721	-	11,247	746,968
Customer deposits paid	(1,106,828)	-	(134,771)	(1,241,599)
Net cash provided by operating activities	10,465,340	4,227,646	2,054,882	16,747,868
<b>Cash flows from noncapital financing activities:</b>				
Bond refunding	(4,596,753)	(3,994,346)	263	(8,590,836)
Net cash provided by (used by) noncapital financing activities	(4,596,753)	(3,994,346)	263	(8,590,836)
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(10,504,918)	-	(35,642)	(10,540,560)
Proceeds of sale of capital assets	30,255	-	-	30,255
Principal paid on bond maturities and equipment notes	(3,281,671)	-	-	(3,281,671)
Interest paid on bond maturities and equipment notes	(694,152)	-	-	(694,152)
Proceeds from issuance of debt	716,068	-	-	716,068
Installment purchases	716,000	-	-	716,000
Federal and State grant proceeds	13,279,889	-	-	13,279,889
Private funding	5,000,000	-	-	5,000,000
Other financing transactions	(458,471)	-	-	(458,471)
Net cash provided by (used by) capital and related financing activities	4,803,000	-	(35,642)	4,767,358
<b>Cash flows from investing activities:</b>				
Interest on investments	53,894	17,808	8,977	80,679
Net increase in cash and cash equivalents	10,725,481	251,108	2,028,480	13,005,069
<b>Cash and cash equivalents:</b>				
Beginning of year	44,784,468	9,449,412	3,501,537	57,735,417
End of year	\$ 55,509,949	\$ 9,700,520	\$ 5,530,017	\$ 70,740,486

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

FOR THE YEAR ENDED JUNE 30, 2022

	<b>Utility Fund</b>	<b>System Development Fee Fund</b>	<b>Stormwater Management Fund</b>	<b>Totals</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 673,388	\$ 3,615,205	\$ 707,624	4,996,217
Adjustments to reconcile operating income to to net cash provided by operating activities				
Depreciation and amortization	4,475,576	-	52,890	4,528,466
Changes in assets, deferred outflows and inflows of resources, and liabilities:				
Accounts receivable	(383,813)	-	337	(383,476)
Prepaid expenses	(9,347)	-	-	(9,347)
Deferred outflows for pensions	(135,325)	-	(25,749)	(161,074)
Deferred outflows of resources - OPEB	(332)	-	(34)	(366)
Pension liability	(1,017,350)	-	(104,584)	(1,121,934)
Accounts payable and accrued liabilities	4,824,241	612,441	1,407,926	6,844,608
Salaries payable	61,477	-	4,972	66,449
Accrued compensated absences	71,286	-	4,563	75,849
Deferred inflows of resources - pensions	1,208,028	-	124,186	1,332,214
Deferred inflows resources - OPEB	64,721	-	6,656	71,377
Deferred inflows resources - leases	280,153	-	-	280,153
Other postemployment liability	10,020	-	(382)	9,638
Deposits	342,617	-	(123,523)	219,094
Total adjustments	9,791,952	612,441	1,347,258	11,751,651
Net cash provided by operating activities	<u>\$ 10,465,340</u>	<u>\$ 4,227,646</u>	<u>\$ 2,054,882</u>	<u>\$ 16,747,868</u>
<b>Noncash investing, capital, and financial activities</b>				
Contributions of capital assets from developers	\$ 3,018,954	\$ -	\$ -	\$ 3,018,954
	<u>\$ 3,018,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,018,954</u>

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

**Exhibit 9**

*JUNE 30, 2022*

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**OPEB Trust  
Fund**

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**ASSETS:**

Cash and cash equivalents

\$ 549,159

**NET POSITION:**

Net position restricted for postemployment benefits  
other than pensions

\$ 549,159



**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**

Exhibit 10

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION  
FIDUCIARY FUND***FOR THE YEAR ENDED JUNE 30, 2022*

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	<u>OPEB Trust Fund</u>
<b>ADDITIONS:</b>	
Employer contributions	\$ 87,147
Investment income	(100,757)
Total additions	<u>(13,610)</u>
<b>DEDUCTIONS:</b>	
Benefits	<u>87,147</u>
Total deductions	<u>87,147</u>
Change in net position	(100,757)
Net position - beginning	<u>649,916</u>
Net position - ending	<u><u>\$ 549,159</u></u>

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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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. As required by generally accepted accounting principles, these financial statements present the Town.

#### B. Basis of Presentation

*Government-Wide Financial Statements:* The statement of net position and the statement of activities display information about the primary government. 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 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, 2022

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### Note 1—Nature of operations and summary of significant accounting policies (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. In 2022, the Governmental PayGo Fund was merged into this fund.

**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 Sidewalks Projects Fund** – The Street and Sidewalks Projects Fund is comprised of the following two sub funds: Street and Sidewalks Projects Fund and Street Reserve Fund and accounts for financial resources to be used for the acquisition or construction of major capital streets and sidewalks.

**Business Park Fund** – The Business Park Fund accounts for activities that support the Holly Springs Business Park.

**Parks and Recreation Projects Fund** – The Parks and Recreation Projects Fund is comprised of the following two sub funds: Parks and Recreation Projects Fund and Park Reserve Fund and accounts for financial resources to be used for the acquisition or construction of major capital park facilities.

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 Fund.

**Project Funds** – The Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The Town has one nonmajor project funds within the Governmental Fund Types:

**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.

The Town reports the following major proprietary fund:

**Utility Fund** – This fund is used to account for the Town's water and wastewater operations. The fund is comprised of the following sub funds: Utility Fund, Water Reserve Fund, Wastewater Reserve Fund, Water Projects Fund, Wastewater Projects Fund, Utility PayGo Fund and the Utility Debt Service Fund. These funds have been consolidated in the Utility Fund for financial reporting purposes.

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

The Town reports the following nonmajor proprietary funds:

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

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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

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.

#### 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 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 capital leases are reported as other financing sources.



# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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

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. At June 30, 2022, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, 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. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances and multi-year budgets are adopted for the Special Revenue Funds, the Projects Funds, and the Enterprise Projects Funds, which are consolidated with the enterprise operating fund for reporting purposes. 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 the budget ordinance to transfer appropriations between functional areas within a fund without limitation and may transfer appropriations up to \$50,000 between financial areas within a fund with an official reporting to the 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 Equity

##### 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.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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

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 and bankers' acceptances; and the North Carolina Capital Management Trust ("NCCMT").

General Statue 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 his 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 held in the State Treasurer's Short-Term Investment Fund ("STIF"). Allowable STIF investments are detailed in G.S. 147-69.3(b)(8).

The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost.

NCCMT, a SEC-registered fund, is authorized by G.S. 159-30(c)(8). The Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAm by S&P. The government portfolio is reported at fair value.

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 valued by the custodian using Level 2 inputs which 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. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2022 of .9 years. Under the authority of G.S. 147- 69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The Bond Index Fund (BIF) does not have a credit rating, is valued at \$1 per unit and has an average maturity of 8.75 years on June 30, 2022. BlackRock's MSCI ACWI EQ Index Lon-Lendable Class B Fund is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. On June 30, 2022, the fair value of the funds was \$27.23 per share. Fair value for this Blackrockfund is determined using Level 1 inputs.

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.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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

#### 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 and installment purchase contract reserves are also maintained as restricted cash. Powell Bill funds are also classified as restricted cash because they can be expended only for the purpose of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through G.S. 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.

#### Governmental Activities:

##### General Fund

Customer Deposits	\$ 3,833,773
General Government Projects	3,430,077
Development Services	545,942
Public Safety	450,889
Public Works	1,645,037
Streets	1,359,718

##### Other Major Governmental Funds:

Debt Service Fund	9,510,523
Streets and Sidewalks	20,048,175
Parks and Recreation	4,519,042

##### Non-Major Governmental Funds:

Parks and Recreation	30,893
Development Services	1,032,723
Public Safety	946,391
Economic Development	11,901

<b>Total Governmental Activities</b>	<b>47,365,084</b>
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#### Business-Type Activities:

##### Utility Fund

Customer Deposits	2,271,475
Rolling Stock Loan 2022	16,182
Grants - Advance Funding - Golden Leaf	687,896

<b>Utility Debt Service Fund</b>	<b>3,926,130</b>
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##### Stormwater Fund

Customer Deposits	486,475
Stormwater Facility Replacement Fund (SFRF)	1,440,551
Developer Fees	860,191

<b>Total Business-Type Activities</b>	<b>9,688,900</b>
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<b>Total Restricted Cash</b>	<b>\$ 57,053,984</b>
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# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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

#### 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, 2021.

#### 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 excess 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 present value of lease payments expected to be received during the lease term. Under the lease agreements, the Town may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

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 used.

#### 8. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost equal to other greater than \$5,000 and an estimated useful life in excess of one year and are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General government infrastructure assets (road network) acquired prior to July 1, 2003 have not been capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.



# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	15 to 40 years
Buildings	40 years
Intangible assets	40 years
Vehicles	5 to 10 years
Equipment	5 to 10 years

#### 9. Right to Use Assets

The Town has recorded right to use lease assets as a result of implementing Governmental Accounting Standards Board Statement No. 87 (GASB 87), Leases. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

#### 10. Deferred outflows/inflows of resources

In addition to assets, the statement of net position 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 three items that meet this criterion, Local Governmental Employees' Retirement System ("LGERS") pension deferrals, Law Enforcement Officers' Special Separation Allowance ("LEOSSA") pension deferrals, and OPEB deferrals. In addition to liabilities, the statement of net position 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 assets that applies to a future period and so will not be recognized as revenue until then. The Town has five items that meet this criterion, prepaid taxes, deferrals of LGERS pension expense, deferrals of LEOSSA pension expense, OPEB deferrals, and leases. Additionally, on the governmental fund's balance sheet, the Town has other unavailable revenues in deferred inflows of resources.

#### 11. 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.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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

#### 12. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to 30 days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town also allows employees to accrue compensatory time for hours worked in excess of a regular workweek. 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 they will be paid for these hours when leaving the Town's employment. Exempt employees may accumulate compensatory time up to a maximum of 24 hours and use this in lieu of vacation. Exempt employees lose any time accumulated over 24 hours and are not paid for accumulated compensatory time upon leaving service.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

#### 13. Net Position/Fund Balances

##### 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.

*Prepaid Items* – 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.

*Leases* – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

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

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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

*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.* Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation”.

RSS is reduced by prepaids 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.

*Restricted for General Government* – Portion of fund balance that is restricted for use in the general operations of the government.

*Restricted for Development Services* – Portion of fund balance received from developer’s to be maintained until the completion of the related projects.

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

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

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

*Restricted for Equipment and Vehicles* – Portion of fund balance that is restricted by revenue source for equipment and vehicles. This amount represents unspent debt proceeds.

*Restricted for Streets and Sidewalk Improvements* – Portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures and projects. This amount represents the balance of the total unexpended Powell Bill funds and unspent bond proceeds.

*Restricted for Grants* – Portion of fund balance that is restricted by revenue source for general governmental grants, public safety, and parks and recreation.

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

*Committed for LEOSSA Pension Liability* – 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.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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

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

*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. 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.

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 of Holly Springs 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.

#### 14. Defined Benefit Cost Sharing 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 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. Employer contributions are determined and paid annually based on actuarial recommendations.



# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### 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 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, 2022, the Town's deposits had a carrying amount of \$98,328,589 and a bank balance of \$99,531,980. Of the bank balance, \$2,00,000 was covered by federal depository insurance and the remainder was covered by collateral under the Pooling Method. At June 30, 2022, the Town's petty cash funds totaled \$2,150.

At June 30, 2022, the Town investment balances were as follows:

Investment Type	Valuation Measurement Method	Book Value at 06/30/2022	Maturities Less Than 1 Year	Maturities 1 to 2 Years	Maturities 2 to 3 Years	Rating
US Government Agencies	Fair Value - Level 1	\$ 7,673,020	\$ 7,190,388	\$ -	\$ 482,632	A1
NCCMT - Government Portfolio	Amortized Cost	57,776,337	57,776,337	-	-	AAAm
<b>Totals</b>		<u>\$ 65,449,357</u>	<u>\$ 64,966,725</u>	<u>\$ -</u>	<u>\$ 482,632</u>	

As of June 30, 2022, the NCCMT Term Portfolio had a duration of 0.11 years. Because the NCCMT Government Portfolios has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P.

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.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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

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, 2022, the Town's OPEB Trust Fund had \$549,159 invested in the Ancillary Governmental Participants Investment Program ("AGPIP"), established by the Treasurer of the State of North Carolina. The AGPIP 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 year-end, the AGPIP was invested as follows: .02% in the State Treasurer's STIF, 99.98% in BlackRock's MSCI ACWI EQ Index Non- Lendable Class B Fund (the equities were split with 57.49% in domestic securities and 42.51% 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 .9 years at June 30, 2022.

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, 2022:

	Accounts Receivable	Taxes Receivable	Total
General Fund	\$ 53,943	\$ 125,889	\$ 179,832
Debt Service Fund	-	51,419	51,419
Utility Fund	386,381	-	386,381
Stormwater Fund	50,285	-	50,285
	<u>\$ 490,610</u>	<u>\$ 177,308</u>	<u>\$ 667,918</u>

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

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

*JUNE 30, 2022*

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### **Note 4—Lease Receivable**

In January 2014, the Town entered into lease with a company for the use of office space. Under the lease, the lessee is required to pay the Town a fixed payment of \$4,200 per month for thirty months in exchange for operating its business in the office space. The lease was extended for five years and expires in December 2023. The lease has an option for two additional extensions of 5 years each. An initial lease receivable was recorded in the amount of \$48,271. As of June 30, 2022, the value of the lease receivable is \$44,947. The lease receivable is measured as the present value of future minimum rent payments expected to be received during the lease term and any extensions that are reasonably certain to be exercised at a discount rate of 0.7268%. The value of the deferred inflow of resources as of June 30, 2022 was \$44,410, and the Town recognized lease revenue of \$3,861 during the fiscal year.

In December 2014, the Town entered into lease with a telecommunication company for the rental use of a tower. Under the lease, the lessee is required to pay the Town a fixed payment of \$1,000 per month for 10 years in exchange for operating its tower. The lease expires in November 2024. The lease has an option for two additional extensions of 10 years each with payments increasing by 10% each year. An initial lease receivable was recorded in the amount of \$292,623. As of June 30, 2022, the value of the lease receivable is \$282,562. The lease receivable is measured as the present value of future minimum rent payments expected to be received during the lease term and any extensions that are reasonably certain to be exercised at a discount rate of 0.7268%. The value of the deferred inflow of resources as of June 30, 2022 was \$280,153, and the Town recognized lease revenue of \$12,470 during the fiscal year.

In May 2015, the Town entered into lease with a sports related company for the exclusive use of a stadium. Under the lease, the lessee is required to pay the Town a fixed payment of \$26,928 per year for 10 years in exchange for use of the stadium. The lease expires in March 2025. An initial lease receivable was recorded in the amount of \$105,506. As of June 30, 2022, the value of the lease receivable is \$79,363. The lease receivable is measured as the present value of future minimum rent payments expected to be received during the lease term at a discount rate of 0.8927%. The value of the deferred inflow of resources as of June 30, 2022 was \$78,492, and the Town recognized lease revenue of \$27,014 during the fiscal year.

In July 2015, the Town entered into a lease with an athletic organization for the use of athletic fields. Under the lease, the lessee is required to pay the Town a fixed payment of \$7,000 per month for 10 years in exchange for use of athletic fields. The lease expires in June 2025. The lease has an option for one additional extension of 10 years. An initial lease receivable was recorded in the amount of \$1,112,095. As of June 30, 2022, the value of the lease receivable is \$1,043,885. The lease receivable is measured as the present value of future minimum rent payments expected to be received during the lease term and any extensions that are reasonably certain to be exercised at a discount rate of 0.8927%. The value of the deferred inflow of resources as of June 30, 2022 was \$1,032,942, and the Town recognized lease revenue of \$79,153 during the fiscal year.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### Note 5—Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

GOVERNMENTAL ACTIVITIES	Balance July 1, 2021	Increases	Decreases	Transfers	Balance June 30, 2022
<b>Capital assets not being depreciated:</b>					
Land	\$ 30,624,036	\$ 2,451,675	\$ -	\$ -	\$ 33,075,711
Construction in progress	14,349,691	6,713,843	-	(2,908,839)	18,154,695
Total capital assets not being depreciated	44,973,727	9,165,518	-	(2,908,839)	51,230,406
<b>Capital assets being depreciated:</b>					
Buildings	31,023,180	533,009	-	454,154	32,010,343
Improvements	21,023,236	3	-	1,513,449	22,536,688
Equipment and furniture	9,054,398	468,402	(115,542)	-	9,407,258
Right of use - leased assets	-	302,724	-	-	302,724
Vehicles and motorized equipment	10,002,281	2,293,259	(129,995)	941,236	13,106,781
Infrastructure	87,810,624	7,052,199	-	-	94,862,823
Total capital assets being depreciated	158,913,719	10,649,596	(245,537)	2,908,839	172,226,617
<b>Less Accumulated Depreciation and Amortization for:</b>					
Buildings	7,371,071	788,658	-	-	8,159,729
Land improvements	6,051,596	1,081,133	-	-	7,132,729
Equipment and furniture	7,242,284	620,035	(112,107)	-	7,750,212
Right of use - leased assets	-	98,936	-	-	98,936
Vehicles and motorized equipment	6,042,034	1,116,427	(119,257)	-	7,039,204
Infrastructure	23,208,234	2,862,221	-	-	26,070,455
Total accumulated depreciation and amortization	49,915,219	6,567,410	(231,364)	-	56,251,265
Total capital assets being depreciated, net	108,998,500				115,975,352
<b>Governmental activity capital assets, net</b>	<b>\$ 153,972,227</b>				<b>\$ 167,205,758</b>

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

General government	\$ 355,990
Public safety	1,080,075
Public works	2,777,009
Economic development	342,474
Right of use - leased assets	98,936
Cultural and recreational	1,912,926
Total	<u>\$ 6,567,410</u>



# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### Note 5—Capital Assets (continued)

BUSINESS-TYPE ACTIVITIES	Balance July 1, 2021	Increases	Decreases	Transfers	Balance June 30, 2022
<b>UTILITY:</b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 153,725	\$ -	\$ -	\$ 15,170	\$ 168,895
Construction in progress	4,942,341	8,992,153	-	(4,942,341)	8,992,153
Total capital assets not being depreciated	5,096,066	8,992,153	-	(4,927,171)	9,161,048
<b>Capital assets being depreciated and amortized:</b>					
Buildings	204,461	-	-	-	204,461
Intangible assets	7,634,204	-	-	-	7,634,204
Equipment and furniture	1,898,421	331,528	(19,852)	-	2,210,097
Right of use - leased assets	-	514,682	-	-	514,682
Vehicles and motorized equipment	1,714,774	820,722	(73,126)	-	2,462,370
Land improvements	7,240	-	-	-	7,240
Operating plants	156,717,088	3,242,200	-	4,927,171	164,886,459
Total capital assets being depreciated and amortized	168,176,188	4,909,132	(92,978)	4,927,171	177,919,513
<b>Less Accumulated Depreciation and Amortization for:</b>					
Buildings	87,751	5,108	-	-	92,859
Intangible assets	4,308,126	168,956	-	-	4,477,082
Equipment and furniture	1,676,443	122,619	(19,852)	-	1,779,210
Right of use - leased assets	-	18,382	-	-	18,382
Vehicles and motorized equipment	1,565,471	163,348	(210,390)	-	1,518,429
Land improvements	7,240	-	-	-	7,240
Operating plants	43,325,829	3,997,158	-	-	47,322,987
Total accumulated depreciation and amortization	50,970,860	4,475,571	-	-	55,216,189
Total capital assets being depreciated and amortized, net	\$ 117,205,328				\$ 122,703,324
<b>STORMWATER:</b>					
<b>Capital assets being depreciated:</b>					
Vehicles and motorized equipment	29,857	35,642	-	-	65,499
Infrastructure	1,477,182	-	-	-	1,477,182
Total capital assets being depreciated	1,507,039	35,642	-	-	1,542,681
<b>Less Accumulated Depreciation for:</b>					
Vehicles and motorized equipment	23,387	5,972	-	-	29,359
Infrastructure	7,541	46,918	-	-	54,459
Total accumulated depreciation	30,928	52,890	-	-	83,818
Total capital assets being depreciated, net	\$ 1,476,111				\$ 1,458,863
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 123,777,505</b>				<b>\$ 133,323,235</b>

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### Note 6—Right to use assets

The Town has recorded eight right to use leased assets. The assets are right to use assets for leased equipment and buildings. The related leases are discussed in the leases subsection of the liabilities section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

	July 1, 2021		Increases		June 30, 2022	
	<u>Government</u>	<u>Business-</u>	<u>Government</u>	<u>Business-</u>	<u>Government</u>	<u>Business-</u>
	<u>Activities</u>	<u>Type</u>	<u>Activities</u>	<u>Type</u>	<u>Activities</u>	<u>Type</u>
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>
Right of use assets						
Leased buildings	\$ -	-	159,567	-	\$ 159,567	-
Leased equipment	-	-	143,157	514,682	143,157	514,682
Total right of use assets	-	-	302,724	514,682	302,724	514,682
Less accumulated amortization for:						
Leased buildings	-	-	43,518	-	43,518	-
Leased equipment	-	-	55,418	18,382	55,418	18,382
Total accumulated amortization	-	-	98,936	18,382	98,936	18,382
Right of use assets, net	\$ -	-	203,788	496,300	\$ 203,788	496,300

### Note 7—Pension plan obligations

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

**Plan Description.** The Town is a participating employer in the statewide 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

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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### Note 7—Pension plan obligations (continued)

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 contractually required contribution rate for the year ended June 30, 2022 was 12.04% of compensation for LEOs and 11.39% 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 \$2,433,386 for the year ended June 30, 2022.

**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, 2022 the Town reported a liability of \$4,677,470 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, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021, the Town's proportion was 0.305%, which was an increase of 0.01662% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022 the Town recognized pension expense of \$2,048,963. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

JUNE 30, 2022

**Note 7—Pension plan obligations (continued)**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,488,071	\$ -
Changes of assumptions	2,938,645	-
Net difference between projected and actual earnings on pension plan investments	-	6,682,696
Changes in proportion and differences between Town contributions and proportionate share of contributions	107,465	26,219
Town contributions subsequent to the measurement date	2,433,386	
Total	<u>\$ 6,967,567</u>	<u>\$ 6,708,915</u>

\$2,433,386 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2023	\$ 457,835
2024	(116,648)
2025	(471,077)
2026	(2,044,844)
	<u>\$ (2,174,734)</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2020 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, 2020 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.



# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### Note 7—Pension plan obligations (continued)

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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	29%	1.4%
Global Equity	42%	5.3%
Real Estate	8%	4.3%
Alternatives	8%	8.9%
Opportunistic Fixed Income	7%	6.0%
Inflation Sensitive	6%	4.0%
Total	100%	

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 3.05%. 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:

	<b>1 % Decrease (5.5%)</b>	<b>Discount Rate (6.5%)</b>	<b>1 % Increase (7.5%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 18,157,541	\$ 4,677,470	\$ (6,415,849)

**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, 2022

### Note 7—Pension 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, 2020 the Separation Allowance's membership consisted of:

Inactive members currently receiving benefits	2
Active members	66
	<u>68</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, 2020 valuation. The total pension liability in the December 31, 2020 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	2.25%

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, 2020 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 Non-Safety Mortality Table for Disabled 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, 2022

### Note 7—Pension plan obligations (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 \$46,173 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, 2022 the Town reported a total pension liability of \$3,461,719. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$446,445.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 359,196	\$ 46,458
Changes of assumptions	808,335	132,930
Benefit payments and administrative expenses subsequent to the measurement date	55,596	-
Total	<u>\$ 1,223,127</u>	<u>\$ 179,388</u>

The Town paid \$55,596 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2023	\$ 186,965
2024	191,158
2025	180,804
2026	194,182
2027	157,742
Thereafter	77,292
	<u>\$ 988,143</u>

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

JUNE 30, 2022

**Note 7—Pension plan obligations (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 2.25%, 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 (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	<b>1 % Decrease (1.25%)</b>	<b>Discount Rate (2.25%)</b>	<b>1 % Increase (3.25%)</b>
Total pension liability	\$ 3,803,967	\$ 3,461,719	\$ 3,148,808

**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**

	<b>2022</b>
<b>Beginning Balance</b>	\$ 3,105,159
Changes for the year:	
Service cost	199,670
Interest on the total pension liability	59,287
Change in benefit terms	-
Difference between expected and actual	270,479
Changes of assumptions or other inputs	(106,269)
Benefit payments	(66,607)
Other charges	-
<b>Net changes</b>	<b>356,560</b>
<b>Ending balance of the total pension liability</b>	<b>\$ 3,461,719</b>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 1.93% at December 31, 2020 (measurement date) to 2.25% at December 31, 2021 (measurement date).

Changes in Benefit Terms. Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

The plan currently uses mortality tables that vary by age, gender, employee group, 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, 2020 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ended December 31, 2019.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### Note 7—Pension plan obligations (continued)

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 2,048,963	\$ 446,445	\$ 2,495,408
Pension Liability	4,677,470	3,461,719	8,139,189
Proportionate share of the net pension liability	0.30500%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	1,488,071	359,196	1,847,267
Changes of assumptions	2,938,645	808,335	3,746,980
Changes in proportion and differences between contributions and proportionate share of contributions	107,465	-	107,465
Benefit payments and administrative costs paid subsequent to the measurement date	2,433,386	55,596	2,488,982
Deferred Inflows of Resources			
Differences between expected and actual experience	-	46,458	46,458
Changes of assumptions	-	132,930	132,930
Net difference between projected and actual earnings on plan investments	6,682,696	-	6,682,696
Changes in proportion and differences between contributions and proportionate share of contributions	26,219	-	26,219

#### 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, 2022 were \$1,942,736, which consisted of \$1,054,033 from the Town, \$166,827 from the law enforcement officers and \$721,876 from other Town employees.



# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### Note 7—Pension plan obligations (continued)

#### 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.

##### 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>Percent of Premium Paid by the Town</b>
30 years	100%
25 to 29 years	75%
20 to 24 years	50%

Effective July 1, 2022 newly hired employees will not be 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, 2021, the date of the latest actuarial valuation:

Inactive members currently receiving benefits	12
Active members	328
Total	340

#### 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, 2022:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Short-term Investment Fund	100%	3.50%

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### Note 7—Pension plan obligations (continued)

*Rate of Return.* For the year ended June 30, 2022, the annualized rate of return on investments, net of investment expense, was 3.5%. 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, 2022 were as follows:

Total OPEB liability	\$ 5,846,849
Plan fiduciary net position	549,159
Net OPEB liability	5,297,690
Plan fiduciary net position as a percentage of the total OPEB liability	9.39%

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2021 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	2.26%
Measurement date	3.54%
Health Care Cost Trends	
Pre-Medicare	7.00% for 2021 decreasing to an ultimate rate of of 4.50% by 2031

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, 2021 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, 2021 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2021 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, 2022 was 3.54% which was a change from the discount rate of 2.26% at June 30, 2021. 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 3.54% at June 30, 2022. As of June 30, 2021, the Municipal Bond Index Rate was 2.26%.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### Note 7—Pension plan obligations (continued)

*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 (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
<b>Net OPEB liability</b>	\$ 6,046,558	\$ 5,297,690	\$ 4,638,427

*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:

	1% Decrease	Current Discount Rate	1% Increase
<b>Net OPEB liability</b>	\$4,426,896	\$5,297,690	\$6,356,430

*Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* At June 30, 2022, the Town reported a net OPEB liability of \$5,297,690. The net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

At June 30, 2022, the components of the net OPEB liability of the Town, measured as of June 30, 2022, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021	\$ 5,845,512	\$ 649,916	\$ 5,195,596
Changes for the year:			
Service cost	406,230	-	406,230
Interest	131,129	-	131,129
Difference between expected and actual experience	(56,061)	-	(56,061)
Changes of assumptions	(392,814)	-	(392,814)
Contributions - employer	-	87,147	(87,147)
Net investment income	-	(100,757)	100,757
Benefits payments	(87,147)	(87,147)	-
Net change	1,337	(100,757)	102,094
Balance at June 30, 2022	\$ 5,846,849	\$ 549,159	\$ 5,297,690

*Changes of Assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 2.26% in 2021 to 3.54% in 2022.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### Note 7—Pension plan obligations (continued)

For the year ended June 30, 2022, the Town recognized OPEB expense of \$551,823. At June 30, 2022, 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	\$ 260,546	\$ 51,244
Changes of assumptions	431,001	511,354
Net difference between projected and actual earnings on plan investments	105,939	
Total	\$ 797,486	\$ 562,598

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

#### Year ended June 30:

2023	\$ 37,211
2024	37,210
2025	37,208
2026	43,984
2027	41,092
Thereafter	38,183
	<u>\$ 234,888</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.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### Note 8—Deferred outflows and inflows of resources

Deferred outflows of resources at year-end is comprised of the following:

	LEOSSA	LGERS	OPEB
Benefit payments and administrative expenses subsequent to the measurement date	\$ 55,596	\$ -	\$ -
Contributions to pension plan in current fiscal year	-	2,433,386	-
Changes of assumptions or other inputs	808,335	2,938,645	431,001
Differences between expected and actual experience	359,196	1,488,071	260,546
Net difference between projected and actual earnings on plan investments		107,465	105,939
Total	\$ 1,223,127	\$ 6,967,567	\$ 797,486

Deferred inflows of resources at year-end is comprised of the following:

	Statement of Net Position	Governmental Funds Balance Sheet
Prepaid taxes (General Fund)	\$ 22,184	\$ 22,184
Prepaid taxes (Debt Service Fund)	6,728	6,728
Taxes receivable (General Fund)	-	37,969
Taxes receivable (Debt Service Fund)	-	15,509
Unavailable revenues	-	421,888
LEOSSA deferrals	179,388	-
Pension deferrals	6,708,915	-
Leases	1,435,997	1,155,844
OPEB deferrals	562,598	-
Total	\$ 8,915,810	\$ 1,660,122

### Note 9—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.



# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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### Note 9—Risk management (continued)

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.

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 \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

### Note 10—Claims, judgements and contingent liabilities

At June 30, 2022, 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 11—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, 2022 are comprised of the following individual issues:

#### General Obligation Bonds

Serviced by the General Fund:

- (1) \$22,000,000 Transportation Bonds issued June 2021, for various transportation projects. The note calls for 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, 2022 is \$3,049,789.

\$ 20,900,000

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### Note 11—Long-term obligations (continued)

- (2) \$8,000,000 Parks and Recreation Bonds issued June 2021. The note calls for 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, 2022 is \$1,109,014. \$ 7,600,000
- (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, 2022 is \$1,166,645. The refunding resulted in a net present value savings of \$817,560. 7,381,542
- Total Serviced by General Fund 35,881,542

Serviced by the Utility Fund:

#### Refunding Bonds

- (4) \$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, 2022 is \$1,106,124. The refunding resulted in a net present value savings of \$795,620. \$ 7,183,458
- Total Serviced by Utility Fund \$ 7,183,458
- Total Bonds \$ 43,065,000

At June 30, 2022, the Town has general obligation bonds for transportation improvements authorized but unissued of \$18,000,000 and a legal debt margin of \$445,954,479.

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

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 2,049,838	\$ 1,301,518	\$ 535,162	\$ 274,004
2024	2,024,500	1,210,417	510,500	258,333
2025	2,037,169	1,114,437	522,831	237,913
2026	2,047,304	1,017,950	532,696	217,000
2027	2,097,980	921,058	582,020	195,692
2028-2032	10,492,435	3,116,917	2,912,565	624,783
2033-2037	9,132,316	1,159,967	1,587,684	92,433
2038-2041	6,000,000	300,000	-	-
	<u>\$ 35,881,542</u>	<u>\$ 10,142,264</u>	<u>\$ 7,183,458</u>	<u>\$ 1,900,158</u>

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### Note 11—Long-term obligations (continued)

#### b. Limited Obligation Indebtedness

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 2% for 2015 and 2016, 4% for 2017 through 2032, 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 18 annual principal payments beginning October 1, 2015 and 36 bi-annual interest payments beginning April 1, 2015. 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, 2022 is \$1,104,677. \$ 11,105,000
  - (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, 2022 is \$3,174,944. 18,270,000
- \$ 29,375,000**
- Total Limited Obligation Bonds

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

Year Ending June 30:	Governmental Activities	
	Principal	Interest
2023	\$ 1,010,000	\$ 1,126,300
2024	1,005,000	1,080,975
2025	2,085,000	1,030,600
2026	2,085,000	937,100
2027	2,085,000	843,600
2028-2032	10,425,000	2,743,888
2033-2037	6,380,000	972,713
2038-2041	4,300,000	247,250
	<u>\$ 29,375,000</u>	<u>\$ 8,982,426</u>

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### Note 11—Long-term obligations (continued)

#### c. Installment Purchase

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

General Government Installment Purchases – Principal Balance as of June 30, 2022:

- |  |              |
|--|--------------|
| (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.  | \$ 1,414,666 |
| (2) Executed in July 2013 for the purchase of real property to be used for constructing athletic fields. The \$2,058,939 contract with Wake County is an interest free loan payable within 10 years. The Town has paid \$253,668 to date and will make the final payment in fiscal year 2023-2024. Loan is secured by the assets purchased at time of filing the Deed of Trust. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted.  | 1,805,271    |
| (3) Executed in September 2013 for the development and construction of a fiber optic network. The direct placement \$1,500,000 note with PNC Bank has an interest rate of 2.06% and calls for 10 annual principal payments of \$150,000 plus interest beginning September 2014. Final payment is due in fiscal year 2023-2024. The loan is secured by the equipment and any and all additions, accessories, repairs, replacements, substitutions, and modifications to the equipment along with any proceeds related to the foregoing. Upon default, entire outstanding balance and accrued interest are immediately due and payable and possession of any collateral is remitted.       | 300,000      |
| (4) 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. | 2,179,077    |
| (5) 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.  | 1,087,002    |

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

*JUNE 30, 2022*

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**Note 11—Long-term obligations (continued)**

(6) 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.	443,571
(7) 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.	609,336
(8) 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.	<u>1,581,000</u>
Total General Government Installment Purchases	<u>\$ 9,419,923</u>

Utility Fund Installment Purchases:

(1) Executed in October 2000 for a water line project. The direct placement \$500,000 Clean Water Emergency Revolving Fund note calls for 20 annual principal payments of \$25,000 beginning May 2003 and semi-annual interest payments on the outstanding balance at 2.55% per annum. Final payments are due in fiscal year 2022-2023. The loan is secured by the revenues generated by the benefited systems.	\$ 25,000
(2) Executed in June 2008 for the construction of a Bass Lake outfall and a Business Park pump station. The direct placement \$2,581,000 note with PNC Bank has an interest rate of 2.48% and calls for 15 annual principal payments of \$172,067 plus interest beginning June 2009. Final payment is due in fiscal year 2022-2023. 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.	172,067



# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### Note 11—Long-term obligations (continued)

(3) 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.	13,341
(4) 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.	7,000,000
(5) 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.	2,722,442
(6) 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.	<u>627,642</u>
Total Utility Fund Installment Purchases	<u>\$ 10,560,492</u>

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

JUNE 30, 2022

**Note 11—Long-term obligations (continued)**

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

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 1,613,129	\$ 138,977	\$ 1,431,952	\$ 206,232
2024	3,408,881	107,153	1,239,601	178,235
2025	1,443,941	76,639	1,244,394	155,068
2026	1,345,857	49,369	1,158,350	131,823
2027	777,526	23,175	1,071,437	109,449
2028-2032	830,589	18,224	3,661,659	232,185
2033-2037	-	-	753,099	24,990
	<u>\$ 9,419,923</u>	<u>\$ 413,537</u>	<u>\$ 10,560,492</u>	<u>\$ 1,037,982</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. \$7,336,641
- (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. 4,617,924
- Total Revenue Bonds \$11,954,565

The future payments of the revenue bonds are as follows:

Year Ending June 30:	Business-Type Activities	
	Principal	Interest
2023	\$ 1,540,717	\$ 174,209
2024	1,592,774	151,689
2025	1,646,934	128,430
2026	1,703,288	104,405
2027	1,761,935	79,580
2028-2032	3,708,917	81,334
	<u>\$ 11,954,565</u>	<u>\$ 719,647</u>

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### Note 11—Long-term obligations (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 Bond, Series 2020. 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 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, 2022 were \$1,495,885 and \$190,522, respectively. The debt service coverage ratio calculation for the year ended June 30, 2022 is as follows:

Operating revenues	\$ 18,483,653
Operating expenses (less depreciation)*	(13,595,045)
Operating income	<u>\$ 4,888,608</u>
Non-operating revenues (expenses)**	3,065,903
Net revenues available for debt service	<u><u>\$ 7,954,511</u></u>
Debt service, principal and interest paid (revenue bond only)	<u><u>\$ 1,686,406</u></u>
Debt service coverage ratio	<u><u>472%</u></u>

\*Per rate covenants, this does not include depreciation expense of \$4,319,930

\*\*Per rate covenants, this does not include interest on borrowed money of expense of \$680,451

\*\*\*Non-operating revenues include \$3,615,205 of System Development Fee collected in current year

#### e. Leases

The Town has entered into agreements to lease certain items. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at present value of the future minimum lease payments as of the date of their inception.

The Town executed various leases between October 25, 2018 and January 27, 2022 for equipment and a building that include fixed and variable payment components. The lease liabilities are measured at a discount rate that ranges from 0.3871% to 1.3509% which are implicit in the leases. As a result of the leases, the Town recorded a right of use asset with a net book value of \$700,088 and a lease liability of \$701,371 at June 30, 2022. The right to use asset is discussed in more detail in the right to use assets section of this note.

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

JUNE 30, 2022

**Note 11—Long-term obligations (continued)**

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2022, were as follows:

Year Ending June 30:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 83,594	\$ 1,153	\$ 10,203	\$ 3,634
2024	73,984	556	10,694	3,558
2025	39,151	93	11,201	3,479
2026	-	-	11,725	3,396
2027	-	-	12,265	3,309
Thereafter	-	-	448,554	41,144
	<u>\$ 196,729</u>	<u>\$ 1,802</u>	<u>\$ 504,642</u>	<u>\$ 58,520</u>

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.

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Bonds and Notes Payable:					
General obligation bonds	\$ 39,060,000	\$ 7,381,542	\$ 10,560,000	\$ 35,881,542	\$ 2,049,838
General obligation bonds - premiums on issuance	4,741,689	1,166,642	544,319	5,364,012	296,661
Limited obligation bonds	30,385,000	-	1,010,000	29,375,000	1,010,000
Limited obligation bonds - premium on issuance	4,547,149	-	267,527	4,279,622	267,527
Total bonds payable	78,733,838	8,548,184	12,381,846	74,900,176	3,624,026
Installment Notes	8,859,488	2,276,184	1,715,749	9,419,923	1,613,129
Compensated absences	1,740,134	1,226,068	1,054,983	1,911,219	1,054,983
Lease liabilities	-	302,725	105,996	196,729	83,594
Total pension liability (LEOSSA)	3,105,159	3,461,719	3,105,159	3,461,719	-
Pension obligation - LGERS	8,395,252	-	4,505,644	3,889,608	-
Net OPEB liability	4,149,377	4,241,833	4,149,377	4,241,833	-
Governmental activity long-term liabilities	104,983,248	20,056,713	27,018,754	98,021,207	6,375,732
<b>Business-Type Activities:</b>					
General obligation bonds	\$ 8,590,000	\$ 7,183,458	\$ 8,590,000	\$ 7,183,458	\$ 535,162
General obligation bonds - premiums on issuance	-	1,106,124	-	1,106,124	73,742
Revenue bonds	13,450,449	-	1,495,884	11,954,565	1,540,717
Installment notes	11,329,792	716,068	1,485,368	10,560,492	1,431,952
Compensated absences	306,173	254,277	178,428	382,022	178,428
Lease liabilities	514,682	-	10,040	504,642	10,203
Net pension liability (LGERS)	1,909,796	-	1,121,934	787,862	-
Net OPEB liability	1,046,219	1,055,857	1,046,219	1,055,857	-
Business-type activity long-term liabilities	37,147,111	10,315,784	13,927,873	33,535,022	3,770,204
Total long-term liabilities	<u>\$ 142,130,359</u>			<u>\$ 131,556,229</u>	<u>\$ 10,145,936</u>

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### Note 12—Commitments

The government has active construction projects as of June 30, 2022. At June 30, 2022, the government's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
NE Gateway Master Plan	\$ 64,574	\$ 35,401
Utility Relocations for I-540	-	717,330
Sanford Water Capacity Project	366,315	2,133,685
Friendship Utilities Project	7,418,889	22,203,484
Bass Lake Pump Station Ph II Upgrade	25,225	222,875
Holly Springs Road Forcemain Upgrade Phase II	-	2,460,000
Holly Springs Business Park Pump Station "FujiFilm" Upgrade	129,719	337,281
Twelve Oaks Pump Station Phase II Upgrade	118,154	1,143,346
Public Works Building	45,500	612,000
Fire Station 3	52,825	545,945
Town Wide Signal Fiber	290,019	27,754
Avent Ferry Signal At Holly Meadow	35,520	47,380
Smart Cities - Intelligent Traffic Systems	3,863	29,638
Hwy 55 Right Turn Lane AF-S Main	211,171	9,887
Avent Ferry Road Widening Phase I	2,285,655	37,448
Avent Ferry Road Realignment	243,146	798,469
Main Street Eastbound Right Turn Lane	95,118	25,272
Holly Springs Road Widening Phase I	526,589	69,051
Holly Springs Road Widening Phase II	4,333,623	20,334,033
Bass Lake Dam Spillway Phase III	42,858	57,642
Ting Stadium Drainage	61,454	58,746
Arbor Creek Greenway Phase II	544,758	5,100,577
Utle Creek Greenway Phase I	1,184,021	449,655
Utle Creek Greenway Phase II	180,819	143,783
Cass Holt Park	102,899	46,351
Totals	\$ 18,362,715	\$ 57,647,031



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

JUNE 30, 2022

**Note 13—Transfers**

Transfers to/from other funds during the year ended June 30, 2022 consist of the following:

	Transfers Out												Total Transfers In
	General Fund	Parks Reserve	Streets Reserve	Town Building Projects	Grant Fund	PayGo Fund	Parks Projects	Utility Fund	Utility Reserve	Utility Projects	System Development Fee	Stormwater	
Transfers In:													
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 460,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 460,500
Debt Service Fund	250,000	-	-	-	-	-	-	-	-	-	-	-	250,000
Grants & SRF	574,477	-	-	-	-	-	-	-	-	-	-	-	574,477
Pay As You Go	4,567,311	-	80,000	-	-	6,258	-	-	-	190,588	-	-	4,844,157
Business Park	-	-	-	179,735	-	-	-	-	-	-	-	-	179,735
Street Reserve	2,000,000	-	-	-	-	-	-	-	-	-	-	-	2,000,000
Street Improvements Project	50,000	-	3,350,000	-	-	2,000,000	-	-	-	-	-	-	5,400,000
Parks Recreation Reserve	-	-	-	-	-	-	1,006,058	-	-	-	-	-	1,006,058
Parks Recreation Projects	-	5,421,381	-	-	-	-	-	-	-	-	-	-	5,421,381
Town Building Project	-	-	-	(179,735)	-	-	-	-	917,050	-	-	-	737,315
Utility Fund	-	-	-	-	-	190,588	-	-	1,750,000	3,559,030	-	-	5,499,618
Utility Debt Service	-	-	-	-	-	-	-	91,000	-	-	3,994,346	-	4,085,346
Utility Projects	-	-	-	-	-	-	-	9,499,617	3,795,000	2,414,415	-	-	15,709,032
Stormwater Fund	-	-	-	-	-	-	-	-	-	-	-	587,101	587,101
Stormwater Reserve	-	-	-	-	-	-	-	-	-	-	-	539,522	539,522
Total Transfers Out	<u>\$ 7,441,788</u>	<u>\$ 5,421,381</u>	<u>\$ 3,430,000</u>	<u>\$ -</u>	<u>\$ 460,500</u>	<u>\$ 2,196,846</u>	<u>\$ 1,006,058</u>	<u>\$ 9,590,617</u>	<u>\$ 6,462,050</u>	<u>\$ 6,164,033</u>	<u>\$ 3,994,346</u>	<u>\$ 1,126,623</u>	<u>\$ 47,294,242</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 provided matching funds for various grant programs.

# TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

### Note 14—Fund balance

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 30,328,196
Less:	
Prepayments	257,353
Leases	12,351
Restricted by Stabilization by State Statute	7,918,199
Restricted for Inspections HB 255	545,942
Restricted Development Services	3,833,773
Restricted Parks and Recreation	27,551
Restricted for Equipment and Vehicles	1,751,408
Restricted for Street and Sidewalk Improvements	1,388,541
Committed for LEOSSA	344,518
Committed for PayGo Projects	3,410,536
Remaining fund balance	<u>\$ 10,838,024</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, 2022:

<u>General Fund</u>	<u>Utility Fund</u>	<u>Stormwater Management</u>
\$2,258,625	\$26,669	\$0

### Note 15—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 16—Subsequent events

Subsequent events evaluated through October 31, 2022, which is the date the financial statements were available to be issued.

# REQUIRED SUPPLEMENT INFORMATION (RSI)



Prepared by the Town of Holly Springs Finance Department

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****SCHEDULE 1**

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY -  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
LAST SIX FISCAL YEARS**

*JUNE 30, 2022*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 3,105,159	\$ 1,983,823	\$ 1,555,254	\$ 1,566,107	\$ 1,348,847	\$ 1,267,468
Service cost	199,670	104,185	93,594	88,153	73,932	80,537
Interest on total pension liability	59,287	63,999	56,283	49,468	52,065	45,249
Difference between expected and actual experience	(97,632)	(14,010)	224,945	(68,884)	(23,411)	-
Changes in assumptions or other inputs	261,842	1,008,479	71,781	(78,232)	114,674	(44,407)
Benefit payments	<u>(66,607)</u>	<u>(41,317)</u>	<u>(18,034)</u>	<u>(1,358)</u>	<u>-</u>	<u>-</u>
Net Changes	<u>356,560</u>	<u>1,121,336</u>	<u>428,569</u>	<u>(10,853)</u>	<u>217,260</u>	<u>81,379</u>
Ending Balance	<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 that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

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 2****SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL -  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
LAST SIX FISCAL YEARS***JUNE 30, 2022*

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	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 3,461,719	\$ 3,105,159	\$ 1,983,823	\$ 1,555,254	\$ 1,566,107	\$ 1,348,847
Covered payroll	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 payroll	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 that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

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 3**
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS -**
**OPEB TRUST PLAN**
**LAST FIVE FISCAL YEARS**
*JUNE 30, 2022*

	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>					
Service cost	\$ 406,230	\$ 426,651	\$ 260,102	\$ 239,830	\$ 259,351
Interest	131,129	117,824	140,401	117,478	96,288
Difference between expected and actual experience	(56,061)	736	374,329	(228)	(3,484)
Changes in assumptions	(392,814)	28,481	584,898	(147,518)	(241,742)
Benefit payments	(87,147)	(70,705)	(56,848)	(11,440)	(7,418)
Net Changes	1,337	502,987	1,302,882	198,122	102,995
Beginning balance	5,845,512	5,342,525	4,039,643	3,305,621	3,202,626
Ending balance	<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	\$ 87,147	\$ 95,705	\$ 671,848	\$ -	\$ -
Net investment income	(100,757)	2,827	7,089	-	-
Benefit payments	(87,147)	(70,705)	(56,848)	-	-
Net change in plan fiduciary net position	(100,757)	27,827	622,089	-	-
Plan fiduciary net position, beginning	649,916	622,089	-	-	-
Plan fiduciary net position, ending	<u>\$ 549,159</u>	<u>\$ 649,916</u>	<u>\$ 622,089</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net OPEB Liability</b>	\$ 5,297,690	\$ 5,195,596	\$ 4,720,436	\$ 3,503,743	\$ 3,305,621
<b>Plan Fiduciary Net Position as percentage of total OPEB Liability</b>	9.39%	11.12%	11.64%	0.00%	0.00%
Covered-employee payroll	\$ 19,551,816	\$ 16,110,608	\$ 16,110,608	\$ 13,900,834	\$ 13,598,192
<b>Net OPEB liability as a percentage of Covered-employee payroll</b>	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 will no longer be eligible for the Town's group post-employment health insurance.

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****SCHEDULE 4****SCHEDULE OF TOWN CONTRIBUTIONS AND****SCHEDULE OF INVESTMENT RETURNS - OPEB TRUST PLAN****LAST THREE FISCAL YEARS***JUNE 30, 2022*

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Actuarially determined contribution	\$ 609,581	\$ 614,469	\$ 614,469
Contributions in relation to the actuarially determined contribution	87,147	95,705	671,848
Contribution deficiency (excess)	<u>\$ 522,434</u>	<u>\$ 518,764</u>	<u>\$ (57,379)</u>
Covered payroll	\$19,551,816	\$16,110,608	\$16,110,608
Contributions as a percentage of covered payroll	0.45%	0.59%	4.17%

Notes:

Valuation Date: June 30, 2021

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	Open 28-year level pay
Amortization period	Varies
Asset valuation method	Market value
Inflation	2.50%
Healthcare cost trend rates	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031
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>2022</b>	<b>2021</b>	<b>2020</b>
Annualized return, net of investment expense	-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****SCHEDULE 5****SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)****LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM****LAST NINE FISCAL YEARS\****JUNE 30, 2022*

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.30500%	0.28838%	0.28322%	0.27011%	0.25855%	0.25138%	0.26003%	0.25086%	0.24620%
Town's proportion of the net pension liability (asset) (\$)	\$ 4,677,470	\$ 10,305,048	\$ 7,734,517	\$ 5,254,505	\$ 3,949,928	\$ 5,335,129	\$ 1,167,001	\$ (1,479,438)	\$ 2,967,655
Town's covered payroll	\$ 19,648,103	\$ 18,407,667	\$ 17,191,729	\$ 15,856,385	\$ 14,555,252	\$ 13,598,192	\$ 12,899,021	\$ 12,226,150	\$ 12,226,150
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	23.81%	55.98%	44.99%	33.14%	27.14%	39.23%	9.05%	-12.10%	24.27%
Plan fiduciary net position as a percentage of the total pension liability **	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

Notes to the schedule:

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

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

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

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**SCHEDULE OF CONTRIBUTIONS**  
**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**  
**LAST NINE FISCAL YEARS**

**SCHEDULE 6**

*JUNE 30, 2022*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,433,386	\$ 2,034,846	\$ 1,682,976	\$ 1,072,766	\$ 957,247	\$ 1,088,779	\$ 931,025	\$ 920,877	\$ 869,384
Contributions in relation to the contractually required contribution	2,433,386	2,034,846	1,682,976	1,072,766	957,247	1,088,779	931,025	920,877	869,384
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 21,110,423	\$ 19,648,103	\$ 18,407,667	\$ 17,191,729	\$ 15,856,385	\$ 14,555,252	\$ 13,598,192	\$ 12,889,021	\$ 12,226,150
Contributions as a percentage of covered payroll	11.53%	10.36%	9.14%	6.24%	6.04%	7.48%	6.85%	7.14%	7.11%

Notes to the schedule:

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

## TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022			2021
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Ad valorem taxes:</b>				
Current year taxes	\$ 18,994,482	\$ 18,949,640	\$ (44,842)	\$ 17,462,070
Prior years taxes	20,000	24,198	4,198	33,630
Penalties and interest	20,000	42,876	22,876	34,327
Vehicle tax	1,532,452	1,627,757	95,305	1,558,486
Total	20,566,934	20,644,471	77,537	19,088,513
<b>Other taxes and licenses:</b>				
Rental vehicle tax	3,000	7,037	4,037	8,349
Vehicle Fee	867,331	802,925	(64,406)	677,180
Total	870,331	809,962	(60,369)	685,529
<b>Unrestricted intergovernmental:</b>				
Local option sales taxes	9,852,500	12,261,390	2,408,890	10,162,152
Utility distribution	1,850,000	2,134,939	284,939	1,983,108
Beer and wine tax	140,000	165,543	25,543	152,001
Solid waste disposal tax	26,500	31,449	4,949	27,240
ABC profit distribution	210,000	281,512	71,512	246,727
Total	12,079,000	14,874,833	2,795,833	12,571,228
<b>Restricted intergovernmental:</b>				
County grants	77,757	77,757	-	77,757
CARES Act	-	(106)	(106)	899,413
Public Safety	805,221	865,213	59,992	772,785
Other restricted intergovernmental	18,413	23,615	5,202	18,414
Total	901,391	966,479	65,088	1,768,369
<b>Permits and fees:</b>				
Building permits	1,675,000	1,389,889	(285,111)	1,828,550
Development fees	1,006,000	990,646	(15,354)	1,038,808
Planning and zoning fees	210,000	221,158	11,158	266,320
Total	2,891,000	2,601,693	(289,307)	3,133,678
<b>Sales and services:</b>				
Lease revenue	-	2,600	2,600	-
Solid Waste fees	3,278,071	3,306,670	28,599	3,311,437
Recreation fees	1,831,750	2,080,374	248,624	1,718,939
Public Safety	50,000	50,200	200	50,000
Total	5,159,821	5,439,844	280,023	5,080,376
<b>Miscellaneous:</b>				
GoTriangle reimbursement	38,727	30,362	(8,365)	16,273
Interest on lease receivable	-	75,240	75,240	-
Sale of assets	100,000	42,292	(57,708)	141,950
Miscellaneous revenue	445,480	330,669	(114,811)	256,589
Total	584,207	478,563	(105,644)	414,812
<b>Investment earnings</b>	80,000	37,068	(42,932)	70,468
<b>Total revenues</b>	43,132,684	45,852,913	2,720,229	42,812,973

## Expenditures:



## TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022		Variance	2021
	Budget	Actual	Positive (Negative)	Actual
<b>General government:</b>				
<b>Central Services:</b>				
Salaries and employee benefits	\$ 115,000	\$ 63,473	\$ 51,527	\$ 67,932
Operating expenditures	2,433,705	2,121,010	312,695	1,990,666
Professional services	52,100	916	51,184	-
Total	2,600,805	2,185,399	415,406	2,058,598
<b>Administration:</b>				
<b>Town Manager's Office</b>				
Salaries and employee benefits	637,502	628,859	8,643	420,366
Operating expenditures	14,050	12,600	1,450	70,533
Professional services	165,771	126,366	39,405	-
Total	817,323	767,825	49,498	490,899
<b>Human Resources</b>				
Salaries and employee benefits	350,147	294,544	55,603	244,725
Operating expenditures	48,394	26,272	22,122	91,680
Professional services	75,500	70,747	4,753	-
Total	474,041	391,563	82,478	336,405
<b>Town Attorney</b>				
Salaries and employee benefits	237,210	225,398	11,812	203,840
Operating expenditures	117,806	117,764	42	(1,117)
Professional services	2,600	1,965	635	-
Capital Outlay	12,280	12,280	-	-
Total	369,896	357,407	12,489	202,723
<b>Town Clerk (includes Town Council)</b>				
Salaries and employee benefits	212,791	212,775	16	168,848
Operating expenditures	102,962	96,738	6,224	93,848
Professional services	16,921	16,529	392	-
Total	332,674	326,042	6,632	262,696
<b>Communications:</b>				
Salaries and employee benefits	326,133	278,918	47,215	259,904
Operating expenditures	48,195	18,941	29,254	17,756
Professional services	86,925	83,668	3,257	-
Total	461,253	381,527	79,726	277,660
<b>Finance:</b>				
Salaries and employee benefits	759,081	641,798	117,283	550,705
Operating expenditures	40,585	37,062	3,523	11,954
Professional services	35,042	20,605	14,437	-
Capital outlay	16,000	6,049	9,951	-
Total	850,708	705,514	145,194	562,659

## TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022		Variance	2021
	Budget	Actual	Positive (Negative)	Actual
<b>Information Technology</b>				
Salaries and employee benefits	\$ 665,679	\$ 640,895	\$ 24,784	\$ 470,908
Operating expenditures	931,511	852,658	78,853	910,896
Professional services	290,370	289,072	1,298	-
Total	1,887,560	1,782,625	104,935	1,381,804
<b>Total general government</b>	7,794,260	6,897,902	896,358	5,573,444
<b>Economic and physical development:</b>				
<b>Development Services</b>				
Salaries and employee benefits	2,552,952	2,051,457	501,495	1,936,470
Operating expenditures	200,404	127,039	73,365	290,535
Professional services	477,561	395,367	82,194	-
Capital outlay	368,500	352,589	15,911	-
Total	3,599,417	2,926,452	672,965	2,227,005
<b>Economic Development</b>				
Salaries and employee benefits	247,225	241,163	6,062	205,893
Operating expenditures	8,050	2,789	5,261	43,160
Professional service	59,500	44,214	15,286	-
Total	314,775	288,166	26,609	249,053
<b>Utility &amp; Infrastructure</b>				
Salaries and employee benefits	825,939	712,986	112,953	1,072,037
Operating expenditures	25,550	18,956	6,594	290,126
Professional services	177,752	83,951	93,801	-
Capital outlay	15,000	15,000	-	90,889
Total	1,044,241	830,893	213,348	1,453,052
<b>Total economic and physical development</b>	4,958,433	4,045,511	912,922	3,929,110
<b>Public safety:</b>				
<b>Police:</b>				
Law enforcement				
Salaries and employee benefits	6,920,901	6,612,184	308,717	5,955,252
Operating expenditures	550,814	401,075	149,739	320,476
Professional services	103,000	101,402	1,598	-
Capital outlay	1,297,448	1,060,365	237,083	384,373
Total	8,872,163	8,175,026	697,137	6,660,101
Telecommunications				
Salaries and employee benefits	991,216	975,298	15,918	890,740
Operating expenditures	10,000	7,954	2,046	11,286
Professional services	2,000	2,000	-	-
Total	1,003,216	985,252	17,964	902,026

## TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022		Variance Positive (Negative)	2021
	Budget	Actual		Actual
<b>Fire:</b>				
Salaries and employee benefits	\$ 5,589,252	\$ 5,310,263	\$ 278,989	\$ 4,526,913
Operating expenditures	355,200	355,123	77	417,483
Professional services	104,200	104,138	62	-
Capital outlay	556,168	515,071	41,097	996,861
Total	6,604,820	6,284,595	320,225	5,941,257
<b>Total public safety</b>	16,480,199	15,444,873	1,035,326	13,503,384
<b>Public Works</b>				
<b>Fleet Maintenance</b>				
Salaries and employee benefits	200,747	174,005	26,742	184,088
Operating expenditures	948,618	887,631	60,987	520,938
Professional services	21,000	15,414	5,586	-
Capital outlay	38,914	20,176	18,738	8,329
Total	1,209,279	1,097,226	112,053	713,355
<b>Streets:</b>				
Salaries and employee benefits	941,946	801,194	140,752	604,363
Operating expenditures	145,750	136,055	9,695	113,797
Professional services	1,000	-	1,000	-
Capital outlay	601,099	547,168	53,931	246,072
Total	1,689,795	1,484,417	205,378	964,232
<b>Solid Waste</b>				
Salaries and employee benefits	1,153,436	1,108,776	44,660	1,042,622
Operating expenditures	163,900	153,536	10,364	2,562,798
Professional services	2,590,171	2,590,072	99	-
Capital outlay	1,854,756	205,682	1,649,074	414,012
Total	5,762,263	4,058,066	1,704,197	4,019,432
<b>Public Facilities</b>				
Salaries and employee benefits	202,811	195,983	6,828	157,681
Operating expenditures	216,391	179,982	36,409	-
Professional services	339,960	311,875	28,085	473,439
Capital outlay	36,000	34,509	1,491	-
Total	795,162	722,349	72,813	631,120
<b>Total public works</b>	9,456,499	7,362,058	2,094,441	6,328,139
<b>Cultural and recreational:</b>				
<b>Parks and recreation:</b>				
Salaries and employee benefits	3,533,852	3,257,225	276,627	2,959,361
Operating expenditures	1,364,092	1,175,743	188,349	1,393,157
Professional services	731,623	631,130	100,493	-
Capital outlay	63,035	37,851	25,184	139,474
<b>Total cultural and recreational</b>	5,692,602	5,101,949	590,653	4,491,992
<b>Total expenditures</b>	44,381,993	38,852,293	5,529,700	33,826,069
<b>Revenues under expenditures</b>	(1,249,309)	7,000,620	8,249,929	8,986,904

## TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022			2021
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Other financing sources (uses):</b>				
Transfers in:				
Grant & Special Revenue Fund	\$ 460,500	\$ 460,500	\$ -	\$ 34,000
Parks & Recreation Reserve	-	-	-	127,425
Fiber Optic Fund	-	-	-	8,338
Streets Reserve	-	-	-	300,000
Transfers out:				
Street Improvements Capital Projects	(50,000)	(50,000)	-	(1,400,000)
Debt Service Fund	(250,000)	(250,000)	-	(559,480)
Grant & Special Revenue Fund	(574,478)	(574,477)	1	-
PayGo Fund	(4,567,311)	(4,567,311)	-	(756,500)
Street Reserve	(2,000,000)	(2,000,000)	-	-
Stormwater Capital Project	-	-	-	(500,000)
Installment note issuance	2,314,800	2,276,250	(38,550)	1,750,000
Appropriated fund balance	5,915,798	-	(5,915,798)	-
<b>Total other financing sources (uses)</b>	<u>1,249,309</u>	<u>(4,705,038)</u>	<u>(5,954,347)</u>	<u>(996,217)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>2,295,582</u>	<u>\$ 2,295,582</u>	<u>7,990,687</u>
<b>Fund balance - Beginning of year</b>		22,889,019		21,736,491
<b>Fund balance - Restatement of beginning of year</b>		-		(6,838,159)
<b>Fund balance - End of year</b>		<u>\$ 25,184,601</u>		<u>\$ 22,889,019</u>

## TOWN OF HOLLY SPRINGS, NORTH CAROLINA

## DEBT SERVICE FUND

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

FOR THE YEAR ENDED JUNE 30, 2022

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022			2021
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Ad valorem taxes:</b>				
Current year taxes	\$ 7,490,682	\$ 7,740,073	\$ 249,391	\$ 7,127,351
Prior years taxes	2,000	7,794	5,794	4,924
Penalties and interest	2,500	7,742	5,242	5,039
Vehicle taxes	626,191	664,729	38,538	636,540
Total	8,121,373	8,420,338	298,965	7,773,854
<b>Miscellaneous:</b>				
Miscellaneous revenue	-	23	23	-
Total	-	23	23	-
<b>Investment earnings</b>	7,000	18,528	11,528	11,395
<b>Total revenues</b>	8,128,373	8,438,889	310,516	7,785,249
<b>Expenditures:</b>				
<b>Operating expenditures:</b>	85,000	101,674	(16,674)	77,961
<b>Debt service:</b>				
Bond principal	3,190,000	2,510,000	680,000	1,590,000
Bond interest	2,528,716	2,302,583	226,133	800,083
Installment note principal	2,004,905	1,715,748	289,157	1,711,514
Installment note interest	199,854	131,678	68,176	252,284
<b>Total debt service</b>	7,923,475	6,660,009	1,263,466	4,353,881
<b>Total expenditures</b>	8,008,475	6,761,683	1,246,792	4,431,842
<b>Revenues under expenditures</b>	119,898	1,677,206	1,557,308	3,353,407
<b>Other financing sources (uses):</b>				
Transfers in:				
Capital Project Fund	-	-	-	269,316
General Fund	250,000	250,000	-	559,480
Grants & Special Revenue Fund	-	-	-	305,920
Appropriated fund balance	(369,898)	-	369,898	-
<b>Total other financing sources (uses)</b>	(119,898)	250,000	369,898	1,134,716
<b>Net change in fund balance</b>	-	1,927,206	1,927,206	4,488,123
<b>Debt refunding:</b>				
Principal payments	-	(9,060,000)	(9,060,000)	-
Refunding bonds issued	-	8,533,381	8,533,381	-
<b>\$</b>	<b>-</b>	<b>(526,619)</b>	<b>\$ 1,400,587</b>	<b>-</b>
<b>Fund balance - Beginning of year</b>		8,164,316		2,593,028
<b>Prior period adjustment</b>		-		1,083,165
<b>Fund balance - Beginning of year, restated</b>		8,164,316		3,676,193
<b>Fund balance - End of year</b>		<b>\$ 9,564,903</b>		<b>\$ 8,164,316</b>



**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****POWELL BILL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL***FOR THE YEAR ENDED JUNE 30, 2022**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)*

	<b>2022</b>		<b>2021</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative) Actual</b>
<b>Revenues:</b>			
<b>Unrestricted intergovernmental:</b>			
Powell Bill allocation	\$ 882,000	\$ 1,175,310	\$ 293,310
Total	882,000	1,175,310	293,310
<b>Restricted intergovernmental:</b>			
Sale of Powell Bill Assets	-	30,300	30,300
Total	-	30,300	30,300
<b>Miscellaneous:</b>			
Miscellaneous revenue	-	-	-
Total	-	-	-
<b>Investment earnings</b>	-	2,688	2,688
<b>Total revenues</b>	882,000	1,208,298	326,298
<b>Expenditures:</b>			
Salaries & benefits	-	-	-
Operating expenditures	111,000	85,495	25,505
Capital Outlay	1,788,055	1,035,031	753,024
<b>Total expenditures</b>	1,899,055	1,120,526	778,529
<b>Revenues under expenditures</b>	(1,017,055)	87,772	1,104,827
<b>Other financing sources (uses):</b>			
Appropriated fund balance	1,017,055	-	(1,017,055)
<b>Total other financing sources (uses)</b>	1,017,055	-	(1,017,055)
<b>Net change in fund balance</b>	\$ -	87,772	\$ 87,772
<b>Fund balance - Beginning of year</b>		1,300,769	-
<b>Prior period adjustment</b>		-	1,348,632
<b>Amended fund balance - Beginning of year</b>		1,300,769	1,348,632
<b>Fund balance - End of year</b>		\$ 1,388,541	\$ 1,300,769

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****LAW ENFORCEMENT SPECIAL SEPARATION ALLOWANCE (NON-TRUST)****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL***FOR THE YEAR ENDED JUNE 30, 2022**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)*

	<b>2022</b>			<b>2021</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	\$ -
Total	-	25,000	25,000	-
<b>Investment earnings</b>	-	627	627	755
<b>Total revenues</b>	-	25,627	25,627	755
<b>Expenditures:</b>				
<b>Total expenditures</b>	-	-	-	-
<b>Revenues under expenditures</b>	-	25,627	25,627	755
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>25,627</u>	<u>\$ 25,627</u>	<u>755</u>
<b>Fund balance - Beginning of year</b>		<u>318,891</u>		<u>318,136</u>
<b>Fund balance - End of year</b>		<u>\$ 344,518</u>		<u>\$ 318,891</u>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****PAYGO****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL***FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022*

	Project Authorization	Prior Years	Actual Current Year	Total to Date
<b>Revenues:</b>				
Investment earnings	\$ -	\$ -	\$ 213	\$ 213
Federal grant	190,588	-	165,294	165,294
Miscellaneous revenues	29,999	19,305	10,694	29,999
Total revenues	220,587	19,305	176,201	195,506
<b>Expenditures:</b>				
Capital outlay:				
ADA Transition	155,000	29,120	24,320	53,440
Downtown Development Incentive	85,694	25,000	-	25,000
Parks and Recreation	350,000	-	-	-
Public Facility Projects	754,893	28,000	4,683	32,683
Streets & Sidewalk Projects	725,000	41,067	62,331	103,398
Town Projects	2,220,163	14,222	348,701	362,923
Vehicle & Equipment	261,000	-	-	-
Total expenditures	4,551,750	137,409	440,035	577,444
Revenues under expenditures	(4,331,163)	(118,104)	(263,834)	(381,938)
<b>Other financing sources:</b>				
Transfer in - Capital Projects	-	781,500	-	781,500
Transfer in - General Fund	6,232,155	263,663	4,573,569	4,837,232
Transfer in - Parks Reserves	19,008	-	-	-
Transfer in - Street Reserves	80,000	100,000	80,000	180,000
Transfer out - Capital Projects	(2,000,000)	-	(2,006,258)	(2,006,258)
Transfer in - ARPA	-	-	190,588	190,588
Transfer out - ARPA	-	-	(190,588)	(190,588)
Total other financing sources	4,331,163	1,145,163	2,647,311	3,792,474
Net change in fund balance	\$ -	\$ 1,027,059	2,383,477	\$ 3,410,536
<b>Fund balances:</b>				
Beginning of Year			1,027,059	
End of Year			\$ 3,410,536	

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****CAPITAL PROJECTS FUND****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, 2022

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Restricted intergovernmental:					
State Grant					
Avent Ferry Road - Phase 2	\$ 7,546,000	\$ -	\$ -	\$ -	\$ -
Avent Ferry Road Bypass	2,724,467	-	-	-	-
Avent Ferry Road ReAlignment	1,000,000	-	-	-	-
Avent Ferry Road Widening Ph1	1,808,000	1,094,829	765,938	-	1,860,767
Holly Springs Road Widening - Central	2,014,496	-	-	-	-
Holly Springs Road Widening - East	4,157,000	-	444,151	-	444,151
Hwy 55 Right Turn Lane - AF/S Main	508,000	-	-	-	-
Main Street Eastbound Right Turn Lane	780,000	-	-	-	-
Main Street Extension	9,346,065	-	-	-	-
Main Street Sidewalk Connector	660,000	-	-	-	-
NC55/Teal Street	350,000	-	-	-	-
Signal Sync - NCDOT Fiber Network	339,102	218,966	71,053	-	290,019
Sportsmanship Way/Bypass Connection	1,777,970	1,614,096	-	(1,614,096)	-
Total State Grants	33,011,100	2,927,891	1,281,142	(1,614,096)	2,594,937
Investment earnings					
Avent Ferry Road ReAlignment	-	10	6,040	-	6,050
Holly Springs Road Widening - East	-	40	23,046	1	23,087
Hwy 55 Right Turn Lane - AF/S Main	-	5	3,077	-	3,082
Main Street Eastbound Right Turn Lane	-	2	1,393	-	1,395
Town Hall Commons	-	108	-	(108)	-
Total Investment Earnings	-	165	33,556	(107)	33,614
Miscellaneous					
Avent Ferry Road Bypass	625,000	-	-	-	-
Avent Ferry Road Widening Ph1	92,000	92,000	-	-	92,000
Avent Ferry Signal at Holly Meadows	500,000	-	116,884	-	116,884
Green Oaks Parkway/New Hill Signal	84,500	84,500	-	-	84,500
Main Street Extension	2,284,000	-	-	-	-
Total Miscellaneous Revenues	3,585,500	176,500	116,884	-	293,384
Total revenues	36,596,600	3,104,556	1,431,582	(1,614,203)	2,921,935
Expenditures					
Avent Ferry Bypass	3,349,467	-	-	-	-
Avent Ferry Road - Phase 2	7,616,000	91,628	-	-	91,628
Avent Ferry Road ReAlignment	4,960,500	561,765	263,642	-	825,407
Avent Ferry Road Widening Ph1	3,135,357	1,653,059	1,404,726	-	3,057,785
Avent Ferry Signal at Holly Meadows	650,000	-	35,520	-	35,520
Gable Ridge	330,356	-	-	-	-
Green Oaks Parkway/New Hill Signal	373,000	285,946	40,362	-	326,308
Holly Spring Apex Road Bridge	2,500,000	-	-	-	-
Holly Springs Road Widening - Central	6,241,246	613,888	350	-	614,238
Holly Springs Road Widening - East	32,740,000	2,098,931	3,580,536	-	5,679,467
Holly Springs Road Widening - West	1,500,000	-	-	-	-
Hwy 55 Right Turn Lane - AF/S Main	2,728,000	204,411	25,099	-	229,510
Main Street Eastbound Right Turn Lane	1,693,000	80,722	32,279	-	113,001

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****CAPITAL PROJECTS FUND****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, 2022

	Project Authorization	Actual			
		Prior Years	Current Year	Closed Projects	Total to Date
Main Street Extension	\$ 16,063,564	\$ -	\$ -	\$ -	\$ -
Main Street Sidewalk Connector	825,000	-	-	-	-
NC55/Teal Lake	350,000	-	-	-	-
New Hill Sidewalk	295,480	59,927	-	-	59,927
North Main Street - Sidewalk	337,500	103,815	-	(103,815)	-
Old Holly Springs-New Hill (Green Oaks Tech)	1,700,000	-	-	-	-
Signal Sync - NCDOT Fiber Network	339,102	230,662	86,543	-	317,205
Smart City Intelligent Traffic System	450,000	-	126,065	-	126,065
Sportsmanship Way/Bypass Connection	3,437,758	2,563,438	-	(2,563,438)	-
Street Projects - To Be Determined - Bond	4,533,806	-	-	-	-
Sunset Lake Road Sidewalk	87,328	-	-	-	-
Town Hall Commons	8,318,968	8,055,410	-	(8,055,410)	-
Total expenditures	104,555,432	16,603,602	5,595,122	(10,722,663)	11,476,061
Revenues under expenditures	(67,958,832)	(13,499,046)	(4,163,540)	9,108,460	(8,554,126)
<b>Other financing sources (uses):</b>					
Transfers in					
General Fund					
Avent Ferry Road Widening Ph1	474,082	474,082	-	-	474,082
Avent Ferry Signal at Holly Meadows	50,000	-	50,000	-	50,000
Gable Ridge	85,564	-	-	-	-
Main Street Extension	4,433,499	-	-	-	-
Main Street Sidewalk Connector	165,000	-	-	-	-
New Hill Sidewalk	280,480	280,480	-	-	280,480
Sportsmanship Way/Bypass Connection	394,208	394,208	-	(394,208)	-
Street Projects - To Be Determined - Other	-	-	1,400,000	-	1,400,000
Town Hall Commons	1,022,521	758,858	-	(758,858)	-
Street Reserves:					
Avent Ferry Road - Phase 2	70,000	70,000	-	-	70,000
Avent Ferry Road Widening Ph1	761,275	761,275	-	-	761,275
Avent Ferry Signal at Holly Meadows	100,000	-	-	-	-
Gable Ridge	244,792	-	-	-	-
Green Oaks Parkway/New Hill Signal	288,500	288,500	-	-	288,500
Holly Springs Road - Central	726,750	726,750	-	-	726,750
New Hill Sidewalk	15,000	15,000	-	-	15,000
North Main Street - Sidewalk	337,500	8,000	-	(8,000)	-
Old Holly Springs-New Hill (Green Oaks Tech)	1,700,000	-	1,700,000	-	1,700,000
Smart City Intelligent Traffic System	450,000	-	250,000	-	250,000
Sportsmanship Way/Bypass Connection	1,265,580	555,134	-	(555,134)	-
Sunset Lake Road Sidewalk Phase 2	87,328	-	-	-	-
Town Hall Commons	3,781,632	3,781,632	-	(3,781,632)	-
PayGo Fund					
Holly Springs Road - Central	500,000	-	500,000	-	500,000
Holly Springs Road - West	1,500,000	-	1,500,000	-	1,500,000
North Main Street - Sidewalk	-	95,815	-	(95,815)	-

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****CAPITAL PROJECTS FUND****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, 2022

	Project Authorization	Actual			Total to Date
		Prior Years	Current Year	Closed Projects	
Utility Reserves					
Town Hall Commons	\$ 3,514,815	\$ 3,514,813	\$ -	\$ (3,514,813)	\$ -
Total Transfers In	22,248,526	11,724,547	5,400,000	(9,108,460)	8,016,087
Limited Obligation Bonds					
Holly Springs Apex Bridge	2,500,000	-	-	-	-
General Obligation Bonds					
Avent Ferry Road ReAlignment	3,960,500	3,960,500	-	-	3,960,500
Holly Springs Road Widening - Central	3,000,000	-	-	-	-
Holly Springs Road Widening - East	25,583,000	15,110,000	-	-	15,110,000
Hwy 55 Right Turn Lane - AF/S Main	2,016,500	2,016,500	-	-	2,016,500
Main Street Eastbound Right Turn Lane	913,000	913,000	-	-	913,000
Street Projects - To Be Determined - Bond	4,527,000	-	-	-	-
Total General Obligation Bonds	40,000,000	22,000,000	-	-	22,000,000
General Obligation Bonds - Premium					
Holly Springs Road Widening - East	3,000,000	-	3,000,000	-	3,000,000
Hwy 55 Right Turn Lane - AF/S Main	203,500	403,500	(200,000)	-	203,500
Street Projects - To Be Determined - Bond	6,806	2,835,087	(2,800,000)	-	35,087
Total General Obligation Bonds - Premium	3,210,306	3,238,587	-	-	3,238,587
Total financing sources (uses)	67,958,832	36,963,134	5,400,000	(9,108,460)	33,254,674
Net change in fund balance	\$ -	\$ 23,464,088	1,236,460	\$ -	\$ 24,700,548
<b>Fund balances:</b>					
Beginning of year			23,464,088		
End of year			\$ 24,700,548		



**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****CAPITAL PROJECTS FUND****STREET RESERVE FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL***FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022*

		Actual			
	Project	Prior	Current	Closed	Total to
	Authorization	Years	Year	Projects	Date
Revenues:					
Impact fees	\$ 1,351,735	\$ 1,847,198	\$ -	\$ (495,462)	\$ 1,351,736
Investment earnings	9,643	5,161	5,067	-	10,228
Miscellaneous	-	(10,175)	42,053	10,175	42,053
Total revenues	1,361,378	1,842,184	47,120	(485,287)	1,404,017
Other financing sources (uses):					
Transfers in - General Fund	3,373,464	1,400,000	2,000,000	(657,566)	2,742,434
Transfers in - Capital Projects	1,133,204	1,791,851	-	-	1,791,851
Transfers Out - General Fund	-	(300,000)	-	300,000	-
Transfer Out - Capital Projects	(5,868,046)	(737,045)	(3,430,000)	737,045	(3,430,000)
Transfer Out - Utility Fund	-	(357,566)	-	357,566	-
Limited obligation bonds - 2014		251,758	-	(251,758)	-
Total financing sources (uses)	(1,361,378)	2,048,998	(1,430,000)	485,287	1,104,285
Net change in fund balance	\$ -	\$ 3,891,182	(1,382,880)	\$ -	\$ 2,508,302
Fund balances:					
Beginning of year			3,891,182		
End of year			\$ 2,508,302		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**CAPITAL PROJECTS FUND**  
**BUSINESS PARK DEVELOPMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

		Actual			
	Project Authorization	Prior Years	Current Year	Project Closeouts	Total to Date
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 23,935	\$ -	\$ (23,935)	\$ -
Total revenues	-	23,935	-	(23,935)	-
<b>Expenditures:</b>					
Operating:					
Land Conveyance - Project Galaxy	-	-	20,992,128	-	20,992,128
Debt issuance costs - Project Galaxy	179,736	421,105	16,816	-	437,921
Total expenditures	179,736	421,105	21,008,944	-	21,430,049
Revenues under expenditures	(179,736)	(397,170)	(21,008,944)	(23,935)	(21,430,049)
<b>Other financing sources (uses):</b>					
Limited Obligation Bonds	17,965,000	17,964,080	-	-	17,964,080
Limited Obligation Bonds - Premium	3,294,202	3,286,234	-	-	3,286,234
Transfer in	179,736	245,381	179,735	(245,381)	179,735
Transfer out - Debt Service Fund	-	(269,316)	-	269,316	-
Capital Contributions	(21,259,202)	-	-	-	-
Total other financing sources	179,736	21,226,379	179,735	23,935	21,430,049
Net change in fund balance	\$ -	\$ 20,829,209	(20,829,209)	\$ -	\$ -
<b>Fund balances:</b>					
Beginning of Year			20,829,209		
End of Year			\$ -		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****CAPITAL PROJECTS FUND****PARKS AND RECREATION PROJECTS****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL***FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022*

		Actual				
	Project Authorization	Prior Years	Current Year	Project Closeouts	Total to Date	
<b>Revenues:</b>						
Investment earnings						
Parks & Recreation Projects - TBD	\$ -	\$ 29,234	\$ -	\$ -	\$ 29,234	
Bass Lake Dame Phase 3	-	-	13	-	13	
Arbor Creek Greenway - Phase 2	-	8	3,444	-	3,452	
Cass Holt Road Park (formerly New NC55)	-	10	3,962	-	3,972	
Restricted intergovernmental:						
State grant:						
Bass Lake Hurricane Repairs	254,340	288,282	-	(288,282)	-	
Utle Creek Greenway - Phase 1	580,000	157,498	360,772	-	518,270	
Federal grant:						
Bass Lake Hurricane Repairs	733,000	864,846	-	(864,846)	-	
Bass Lake Dame Phase 3	400,000	-	-	-	-	
Miscellaneous revenues						
Greenways Improvements - To Be Determined	29,200	-	-	-	-	
Total revenues	1,996,540	1,339,878	368,191	(1,153,128)	554,941	
<b>Expenditures:</b>						
Operating:						
Arbor Creek Greenway - Phase 2	-	27,635	-	-	27,635	
Cass Holt Road Park (formerly New NC55)	-	19,962	92,933	-	112,895	
Capital outlay:						
Arbor Creek Greenway - Phase 2	6,484,565	482,034	223,311	-	705,345	
Bass Lake Dam Phase 3	1,300,000	-	20,358	-	20,358	
Boardwalk and Bridge Replacement	151,200	-	-	-	-	
Greenway Improvements - To Be Determined	69,000	-	-	-	-	
Hunt Center Community Room Renovations	95,500	-	-	-	-	
Hunt Center Front Lobby Renovations	294,639	-	277	-	277	
Mims Parks Trail and Signage	150,000	-	-	-	-	
Priority Greenway Connections	300,000	-	-	-	-	
Sugg Farm Amenities	125,000	-	-	-	-	
Bass Lake Hurricane Repairs	2,009,793	1,166,124	-	(1,166,124)	-	
Sugg Farm Administration	189,591	-	-	-	-	
Sugg Farm Maintenance Barn	35,037	-	-	-	-	

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	Project Authorization	Actual			
		Prior Years	Current Year	Project Closeouts	Total to Date
Sugg Farm Road Paving	\$ 235,361	\$ -	\$ 235,361	\$ 1	\$ 235,362
Sugg Farm Restroom/Dog Park	838,500	772,242	-	(772,242)	-
Cass Holt Road Park (formerly New NC55)	8,430,000	3,813,924	-	1	3,813,925
Ting Stadium Drainage Repairs	130,000	-	61,454	-	61,454
Utle Creek Greenway - Phase 1	2,303,081	277,200	458,076	-	735,276
Utle Creek Greenway - Phase 2	2,674,602	133,783	14,526	-	148,309
Womble Retaining Wall	65,000	-	-	-	-
Total expenditures	25,880,869	6,692,904	1,106,296	(1,938,364)	5,860,836
Revenues under expenditures	(23,884,329)	(5,353,026)	(738,105)	785,236	(5,305,895)
<b>Other financing sources:</b>					
General Obligation Bonds:					
Arbor Creek Greenway - Phase 2	3,720,000	3,720,000	-	-	3,720,000
Cass Holt Road Park (formerly New NC55)	4,280,000	4,280,000	-	-	4,280,000
General Obligation Bonds - Premium:					
Arbor Creek Greenway - Phase 2	1,177,668	1,177,668	-	-	1,177,668
Transfer in:					
Bass Lake Hurricane Repairs	876,758	876,758	(847,134)	(29,624)	-
Greenways Improvements - To Be Determined	39,800	-	-	-	-
Sugg Farm Restroom/Dog Park	838,500	838,500	-	(838,500)	-
Sugg Farm Maintenance Barn	35,037	-	-	-	-
Sugg Farm Road Paving	125,000	-	125,000	-	125,000
Utle Creek Greenway - Phase 1	1,026,300	183,300	843,000	-	1,026,300
Parks & Recreation Projects - TBD	-	39,811	-	-	39,811
Transfer In - Parks & Recreation Reserve:					
Arbor Creek Greenway - Phase 2	1,586,897	632,800	954,097	-	1,586,897
Sugg Farm Administration	189,591	-	-	-	-
Bass Lake Hurricane Repairs	145,695	920,480	(850,616)	(69,864)	-
Utle Creek Greenway - Phase 1	696,781	794,520	-	-	794,520
Utle Creek Greenway - Phase 2	2,674,602	324,602	2,350,000	-	2,674,602
Sugg Farm Road Paving	110,361	-	110,361	-	110,361
Sugg Farm Amenities	125,000	-	-	-	-
Bass Lake Dame Phase 3	500,000	-	500,000	-	500,000
Boardwalk & Bridge Replacement	151,200	-	22,400	-	22,400
Hunt Center Community Room Renovations	95,500	-	95,500	-	95,500

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****CAPITAL PROJECTS FUND****PARKS AND RECREATION PROJECTS****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL***FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022*

	Project Authorization	Actual			
		Prior Years	Current Year	Project Closeouts	Total to Date
Hunt Center Front Lobby Renovations	\$ 294,639	\$ -	\$ 44,639	\$ -	\$ 44,639
Mims Parks Trail and Signage	150,000	-	-	-	-
Priority Greenway Connections	300,000	-	-	-	-
Ting Stadium Drainage Repairs	130,000	-	130,000	-	130,000
Womble Retaining Wall	65,000	-	65,000	-	65,000
Cass Holt Road Park (formerly New NC55)	4,150,000	150,000	2,000,000	-	2,150,000
Transfer In - Stormwater Reserve:					
Bass Lake Dam Phase 3	400,000	-	-	-	-
Transfer out:					-
Bass Lake Hurricane Repairs	-	-	(86,493)	86,493	-
Sugg Farm Restroom/Dog Park	-	-	(66,259)	66,259	-
Total other financing sources	23,884,329	13,938,439	5,389,495	(785,236)	18,542,698
Net change in fund balance	\$ -	\$ 8,585,413	4,651,390	\$ -	\$ 13,236,803
<b>Fund balances:</b>					
Beginning of Year			8,585,413		
End of Year			\$ 13,236,803		

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****CAPITAL PROJECTS FUND****PARK & RECREATION RESERVE****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL***FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022*

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
<b>Revenues:</b>					
Payments in lieu	\$ 7,254,886	\$ 6,022,979	\$ 2,503,620	\$ (232,627)	\$ 8,293,972
Investment earnings	18,595	12,412	11,558	-	23,970
Miscellaneous	1,210,832	610,432	600,400	-	1,210,832
Total revenues	8,484,313	6,645,823	3,115,578	(232,627)	9,528,774
<b>Other financing sources (uses):</b>					
Transfers in	4,699,115	3,813,924	885,191	-	4,699,115
Transfers (out)	(13,183,428)	(232,627)	(6,274,687)	232,627	(6,274,687)
Total other financing	(8,484,313)	3,581,297	(5,389,496)	232,627	(1,575,572)
Total financing sources (uses)	(8,484,313)	3,581,297	(5,389,496)	232,627	(1,575,572)
Net change in fund balance	\$ -	\$ 10,227,120	(2,273,918)	\$ -	\$ 7,953,202
<b>Fund balances:</b>					
Beginning of year			10,227,120		
End of year			\$ 7,953,202		



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

JUNE 30, 2022

	Capital Project Fund	Total Capital Projects Fund	Special Revenue Funds		Total Special Revenue Funds	Total Nonmajor Governmental Funds
	Town Buildings		Emergency Telephone System	Grants & Special Revenue		
<b>Assets</b>						
Cash and cash equivalents	\$ 965,075	\$ 965,075	\$ -	\$ -	\$ -	\$ 965,075
Restricted cash and cash equivalents	-	-	860,548	1,161,360	2,021,908	2,021,908
Due from other governments	1,938	1,938	20,518	851	21,369	23,307
Accounts receivable	-	-	450	-	450	450
<b>Total assets</b>	<b>\$ 967,013</b>	<b>\$ 967,013</b>	<b>\$ 881,516</b>	<b>\$ 1,162,211</b>	<b>\$ 2,043,727</b>	<b>\$ 3,010,740</b>
<b>Liabilities</b>						
Accounts payable	\$ 18,188	\$ 18,188	\$ -	\$ 503	\$ 503	\$ 18,691
Total liabilities	18,188	18,188	-	503	503	18,691
<b>Fund balances:</b>						
Restricted:						
Economic Development	-	-	-	11,901	11,901	11,901
Public Safety	17,327	17,327	881,516	86,193	967,709	985,036
Cultural & recreational	-	-	-	30,892	30,892	30,892
General Government	931,498	931,498	-	-	-	931,498
Inspections - HB 255	-	-	-	1,032,722	1,032,722	1,032,722
<b>Total fund balances</b>	<b>948,825</b>	<b>948,825</b>	<b>881,516</b>	<b>1,161,708</b>	<b>2,043,224</b>	<b>2,992,049</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 967,013</b>	<b>\$ 967,013</b>	<b>\$ 881,516</b>	<b>\$ 1,162,211</b>	<b>\$ 2,043,727</b>	<b>\$ 3,010,740</b>

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****NONMAJOR GOVERNMENTAL FUNDS****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES***FOR THE YEAR ENDED JUNE 30, 2022*

	<u>Capital Project Fund</u>	<u>Total</u>	<u>Special Revenue Funds</u>		<u>Total</u>	<u>Total</u>
	<u>Town</u>	<u>Capital</u>	<u>Emergency</u>	<u>Grants &amp;</u>	<u>Special</u>	<u>Nonmajor</u>
	<u>Buildings</u>	<u>Projects</u>	<u>Telephone</u>	<u>Special Revenue</u>	<u>Revenue</u>	<u>Governmental</u>
		<u>Fund</u>	<u>System</u>		<u>Funds</u>	<u>Funds</u>
<b>Revenues:</b>						
Restricted intergovernmental	\$ -	\$ -	\$ 248,496	\$ 47,195	\$ 295,691	\$ 295,691
Investment earnings	-	-	1,444	2,463	3,907	3,907
Miscellaneous	-	-	-	115,791	115,791	115,791
Total revenues	-	-	249,940	165,449	415,389	415,389
<b>Expenditures:</b>						
Operating	-	-	3,868	122,584	126,452	126,452
Capital outlay	507,751	507,751	-	-	-	507,751
Total expenditures	507,751	507,751	3,868	122,584	126,452	634,203
Revenues over (under) expenditures	(507,751)	(507,751)	246,072	42,865	288,937	(218,814)
<b>Other financing sources (uses):</b>						
Transfers in	737,315	737,315	-	574,477	574,477	1,311,792
Transfers out	-	-	-	(460,500)	(460,500)	(460,500)
Total other financing sources (uses)	737,315	737,315	-	113,977	113,977	851,292
Net change in fund balances	229,564	229,564	246,072	156,842	402,914	632,478
<b>Fund balances:</b>						
Beginning of year	719,261	719,261	635,444	1,004,866	1,640,310	2,359,571
End of year	\$ 948,825	\$ 948,825	\$ 881,516	\$ 1,161,708	\$ 2,043,224	\$ 2,992,049

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****CAPITAL PROJECTS FUND****TOWN BUILDING PROJECTS****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL***FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022*

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental:				
State grant:				
Office of State Budget and Management - Direct				
Grants - Fire Station	\$ 2,500,000	\$ -	\$ -	\$ -
Total revenues	<u>\$ 2,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Operating:				
Town Hall Lobby Renovations	-	6,448	-	6,448
Capital outlay:				
Professional Services:				
Operations Center	958,835	14,285	45,535	59,820
Fire Station #3	1,659,189	23,850	82,063	105,913
Town Hall Lobby Renovations	431,693	29,238	380,153	409,391
Capital Outlay Improvements:				
Operations Center	30,929,550	920,889	-	920,889
Fire Station #3	9,664,050	-	-	-
Total expenditures	<u>43,643,317</u>	<u>994,710</u>	<u>507,751</u>	<u>1,502,461</u>
Revenues under expenditures	<u>(41,143,317)</u>	<u>(994,710)</u>	<u>(507,751)</u>	<u>(1,502,461)</u>
Other financing sources:				
Limited Obligation Bonds	39,005,920	305,920	-	305,920
Limited Obligation Bonds Premium	47,844	55,812	-	55,812
Transfers in:				
General Fund	419,574	599,310	(179,735)	419,575
Grants & Special Revenue	77,929	77,929	-	77,929
Utility Fund	675,000	675,000	-	675,000
Utility Reserves Fund	917,050	-	917,050	917,050
Total other financing sources	<u>41,143,317</u>	<u>1,713,971</u>	<u>737,315</u>	<u>2,451,286</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 719,261</u>	229,564	<u>\$ 948,825</u>
Fund balances:				
Beginning of Year			719,261	
End of Year			\$ 948,825	

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****SPECIAL REVENUE FUND****EMERGENCY TELEPHONE SYSTEM****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL***FOR THE YEAR ENDED JUNE 30, 2022**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)*

	<b>2022</b>			<b>2021</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>
<b>Revenues:</b>				
Restricted intergovernmental:				
911 Subscriber Fees	\$ 246,216	\$ 248,496	\$ 2,280	\$ 236,786
<b>Investment earnings</b>	-	1,444	1,444	1,362
<b>Total revenues</b>	246,216	249,940	3,724	238,148
<b>Expenditures:</b>				
<b>911 expenditures:</b>				
Utilities Telephone	90,000	32,630	57,370	70,641
Maintenance & Repair*	156,216	(29,260)	185,476	75,278
Training	-	498	(498)	-
<b>Total expenditures</b>	246,216	3,868	242,348	145,919
<b>Revenues under expenditures</b>	-	246,072	246,072	92,229
<b>Net change in fund balance</b>	-	246,072	246,072	92,229
	<u>\$ -</u>		<u>\$ 246,072</u>	
<b>Fund balance - Beginning of year</b>		635,444		543,215
<b>Fund balance - End of year</b>		<u>\$ 881,516</u>		<u>\$ 635,444</u>

\*ineligible expenditures identified by the NC 911 Board and corrected in current year

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

	Project Authorization	Actual			Total to Date
		Prior Years	Current Year	Project Closeout	
<b>Revenues:</b>					
Investment earnings	\$ 2,807	\$ 1,144	\$ 2,463	\$ -	\$ 3,607
Restricted intergovernmental:					
State grant:					
Administration	-	50,000	-	(50,000)	-
Public Safety	10,166	9,423	5,929	-	15,352
Federal grant:					
Parks & Recreation	4,900	-	2,920	-	2,920
Public Safety	324,685	103,062	38,346	-	141,408
Miscellaneous revenues:					
Economic Development	286,891	-	111,891	-	111,891
Parks & Recreation	34,119	29,919	3,900	-	33,819
Public Safety - Other	10,738	8,458	-	-	8,458
Total revenues	674,306	202,006	165,449	(50,000)	317,455
<b>Expenditures:</b>					
Asset Forfeiture	186,921	76,071	3,000	-	79,071
Body Worn Cameras	138,000	-	-	-	-
Downtown Development	11,891	-	-	-	-
Fujifilm Diosynth Biotechnologies	175,000	-	-	-	-
Inspections - HB 255	40,200	56,759	13,668	1	70,428
NC Biotechnology - Amgen Inc. "Project Titan"	100,000	-	100,000	-	100,000
Public Instruction - Anti-Bullying Grant	-	50,001	-	(50,001)	-
Public Safety - Other	10,751	-	-	-	-
Sense of Play	29,963	-	-	-	-
SNAP via Wake County	4,900	-	2,016	-	2,016
Substance Abuse Tax	10,186	-	-	-	-
United Arts Council 2022	4,200	-	3,900	-	3,900
Total expenditures	712,012	182,831	122,584	(50,000)	255,415
Revenues under expenditures	(37,706)	19,175	42,865	-	62,040
<b>Other financing sources:</b>					
Transfer in - General Fund (Inspections - HB 255)	1,978,018	1,403,540	574,477	-	1,978,017
Transfer (out)					
General Fund	(1,556,463)	(34,000)	(460,500)	-	(494,500)
Capital Projects Fund	(77,929)	(77,929)	-	-	(77,929)
Debt Service Fund	(305,920)	(305,920)	-	-	(305,920)
Total other financing sources	37,706	985,691	113,977	-	1,099,668
Net change in fund balance	\$ -	\$ 1,004,866	156,842	\$ -	\$ 1,161,708
<b>Fund balances:</b>					
Beginning of Year			1,004,866		
End of Year			\$ 1,161,708		

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

FOR THE YEAR ENDED JUNE 30, 2022

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022			2021
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Operating revenues:</b>				
Charges for services				
Water sales	\$ 9,009,000	\$ 9,414,552	\$ 405,552	\$ 9,790,035
Sewer charges	7,397,874	7,873,986	476,112	8,170,200
Water and sewer tap fees	152,500	147,980	(4,520)	248,820
Total	16,559,374	17,436,518	877,144	18,209,055
Other operating revenues				
Returned check charges	2,000	1,775	(225)	1,500
Water inspection fees	100,000	92,229	(7,771)	65,371
Sewer inspection fees	100,000	153,325	53,325	94,106
Water and sewer permits	4,000	-	(4,000)	5,400
Development permits	190,000	130,582	(59,418)	113,924
Water meter fees	300,000	273,548	(26,452)	385,566
Service charge meter deposits	4,000	4,660	660	4,190
Reconnect charges	49,000	63,709	14,709	57,670
Reclaimed inspection fees	10,000	-	(10,000)	20,066
Lab testing fees	50,000	115,426	65,426	117,687
Late fees	190,000	197,225	7,225	160,417
Interest on lease receivable	-	26,577	26,577	-
Lease revenue	-	470	470	-
Miscellaneous	54,500	14,656	(39,844)	57,806
Total other operating revenues	1,053,500	1,074,182	20,682	1,083,703
Total operating revenues	17,612,874	18,510,700	897,826	19,292,758
<b>Nonoperating revenues:</b>				
Investment earnings	40,000	42,748	2,748	41,551
Sale of assets	10,000	30,255	20,255	35,520
Total nonoperating revenues	50,000	73,003	23,003	77,071
Total revenues	17,662,874	18,583,703	920,829	19,369,829
<b>Expenditures:</b>				
Salaries and employee benefits	6,350,948	5,513,497	837,451	5,058,401
Water purchases for resale	2,900,000	2,732,327	167,673	2,382,869
Professional services	980,214	888,532	91,682	991,204
Repairs and maintenance	802,825	771,757	31,068	473,496
Other operating expenditures	4,149,412	3,590,064	559,348	2,885,134
Total utility operations	15,183,399	13,496,177	1,687,222	11,791,104
Capital outlay	1,214,137	1,164,360	49,777	222,578
Total expenditures	16,397,536	14,660,537	1,736,999	12,013,682



Revenues over expenditures	\$ 1,265,338	\$ 3,923,166	\$ 2,657,828	\$ 7,356,147
<b>Other financing sources (uses):</b>				
Transfer from other funds*	-	5,499,618	5,499,618	500,000
Transfer (to) other funds*	(4,370,511)	(9,590,618)	(5,220,107)	(6,843,360)
Installment purchase	716,000	716,000	-	-
Appropriated fund balance	2,389,173	-	(2,389,173)	-
Total other financing sources (uses)	(1,265,338)	(3,375,000)	(2,109,662)	(6,343,360)
Revenues over expenditures and other financing uses	\$ -	548,166	\$ 548,166	1,012,787
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>				
Reconciling items:				
Depreciation and amortization		(4,319,930) *		(4,281,733)
Capital outlay		10,367,649		4,924,668
Capital contributions		3,018,954 *		4,261,725
Debt issuance		(716,068) *		(3,045,650)
Principal retirement		2,981,253 *		3,239,208
Bond refunding		300,418		-
Increase in deferred inflows - grants		687,896		-
Change in accrued interest		10,307 *		382,849
Increase in compensated absences		(71,286) *		(42,555)
Decrease in pension obligation		1,017,350		(468,690)
Increase in deferred inflows - pension		(1,208,027)		2,251
Increase in deferred outflows - pension		189,971		199,959
Decrease in deferred outflows of resources for contributions made to pension plan in current fiscal year		(54,646)		-
Increase in OPEB obligation		(10,019)		(239,326)
Increase deferred inflows of resources - OPEB		(64,729)		7,433
Decrease deferred outflows of resources - OPEB		341		(11,587)
Total reconciling items		12,129,434		4,928,552
Net income - Utility Fund		12,677,600		5,941,339
Other Utility Funds:				
Debt Service Fund - net income		63,986		(59,360)
Utility PayGo Fund - net income		435,000		-
Capital project funds:				
Water Project Fund - net income		10,661,377		3,633,697
Waste Water Projects Fund - net income		5,853,525		(232,918)
Water Reserve Fund - net income		(2,588,367)		401,130
Waste Water Reserve Fund - net income		(2,425,712)		402,965
Net income		11,999,809		4,145,514
Net income - GAAP		\$ 24,677,409		\$ 10,086,853

\*American Rescue Plan of 2021 - transfer in/out

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA****DEBT SERVICE FUND - UTILITY****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL***FOR THE YEAR ENDED JUNE 30, 2022**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)*

	<b>2022</b>			<b>2021</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Actual</b>
<b>Revenues:</b>				
Investment earnings	\$ -	\$ 6,363	\$ 6,363	\$ 4,836
<b>Total revenues</b>	-	6,363	6,363	4,836
<b>Expenditures:</b>				
Operating expenditures	91,000	83,859	7,141	46,000
<b>Debt service:</b>				
Bond principal	2,025,885	1,495,884	530,001	2,165,474
Bond interest	452,113	443,235	8,878	831,418
Installment note principal	1,468,764	1,485,369	(16,605)	1,073,734
Installment note interest	247,667	233,763	13,904	225,989
<b>Total debt service</b>	4,194,429	3,658,251	536,178	4,296,615
<b>Total expenditures</b>	4,285,429	3,742,110	543,319	4,342,615
<b>Revenues under expenditures</b>	(4,285,429)	(3,735,747)	549,682	(4,337,779)
<b>Other financing sources (uses):</b>				
Transfers in:				
System Development Fee	3,994,346	3,994,346	-	3,994,346
Utility Fund	91,000	91,000	-	-
Water Capital Projects Fund	284,073	-	(284,073)	284,073
Appropriated fund balance	(83,990)	-	83,990	-
<b>Total other financing sources (uses)</b>	4,285,429	4,085,346	(200,083)	4,278,419
<b>Net change in fund balance</b>	-	349,599	349,599	(59,360)
<b>Debt refunding:</b>				
Principal payments	-	(8,590,000)	(8,590,000)	-
Refunding bonds issued	-	8,304,387	8,304,387	-
	<u>\$ -</u>	<u>63,986</u>	<u>\$ 63,986</u>	
<b>Fund balance - Beginning of year</b>		<u>3,862,143</u>		<u>3,921,503</u>
<b>Fund balance - End of year</b>		<u>\$ 3,926,129</u>		<u>\$ 3,862,143</u>

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 5,204	\$ 4,482	\$ -	\$ 9,686
State grant	8,000,000	-	7,419,889	-	7,419,889
Federal grant	5,500,000	-	-	-	-
Miscellaneous revenues	5,000,000	-	5,005,204	-	5,005,204
Total revenues	18,500,000	5,204	12,429,575	-	12,434,779
<b>Expenditures:</b>					
Capital outlay:					
Avent Ferry Road Realignment Waterline	250,000	-	-	-	-
Friendship Utilities	19,360,096	-	7,826,924	-	7,826,924
Fuquay Water Line Conveyance	3,300,000	-	299,730	-	299,730
NC 540 Utility Relocation	739,750	-	-	-	-
NW Water and Reclaim Connection	1,000,000	-	-	-	-
Reclaimed Water Storage Tank	200,000	-	-	-	-
Sanford Water Capacity and Linework	2,500,000	-	366,315	-	366,315
Harnett County Booster Station Upgrade	8,200,000	-	35,229	-	35,229
Total expenditures	35,549,846	-	8,528,198	-	8,528,198
Revenues under expenditures	(17,049,846)	5,204	3,901,377	-	3,906,581
<b>Other financing sources:</b>					
Installment note issuance	8,000,000	-	-	-	-
Transfer (out)	-	-	(2,396,130)	-	(2,396,130)
Transfer in:					
Utility Fund	3,622,770	644,750	5,228,020	-	5,872,770
Utility Capital Projects	922,076	922,076	-	-	922,076
Utility Reserves	4,305,000	3,073,020	1,531,980	-	4,605,000
System Development Fees	200,000	200,000	-	-	200,000
Other - ARPA	-	-	2,396,130	-	2,396,130
Total other financing sources	17,049,846	4,839,846	6,760,000	-	11,599,846
Net change in fund balance	\$ -	\$ 4,845,050	10,661,377	-	\$ 15,506,427
<b>Fund balances:</b>					
Beginning of Year			4,845,050		
End of Year			\$ 15,506,427		

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

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022*

		<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>					
Development fees-in-lieu	\$ 8,687,778	\$ 9,375,975	\$ (623,197)	\$ (65,000)	\$ 8,687,778
Investment earnings	19,685	12,510	12,433	-	24,943
Miscellaneous	459,420	420,973	39,447	-	460,420
Total revenues	<u>9,166,883</u>	<u>9,809,458</u>	<u>(571,317)</u>	<u>(65,000)</u>	<u>9,173,141</u>
<b>Other financing sources (uses):</b>					
Transfers in	1,368,500	178,783	1,009,718	-	\$ 1,188,501
Transfers (out)	<u>(10,535,383)</u>	<u>(65,000)</u>	<u>(3,026,768)</u>	<u>65,000</u>	<u>(3,026,768)</u>
Total other financing	<u>(9,166,883)</u>	<u>113,783</u>	<u>(2,017,050)</u>	<u>65,000</u>	<u>(1,838,267)</u>
Total financing sources (uses)	<u>(9,166,883)</u>	<u>113,783</u>	<u>(2,017,050)</u>	<u>65,000</u>	<u>(1,838,267)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 9,923,241</u>	<u>(2,588,367)</u>	<u>\$ -</u>	<u>\$ 7,334,874</u>
<b>Fund balances:</b>					
Beginning of year			9,923,241		
End of year			<u>\$ 7,334,874</u>		

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Investment earnings	\$ -	\$ 213	\$ 5,014	\$ -	\$ 5,227
State grant	8,250,000	-	129,719	-	129,719
Federal grant	5,960,000	-	5,860,000	-	5,860,000
Miscellaneous revenues	195,200	25,431	-	-	25,431
Total revenues	14,405,200	25,644	5,994,733	-	6,020,377
Expenditures:					
Capital outlay:					
Business Park Pump Station	7,290,000	-	-	-	-
Business Park Pump Station - Phase	500,000	-	106,000	-	106,000
Environmental Assessment for Utley Creek	3,840,522	-	-	-	-
WWTP 6mgd Expansion & Force Main	32,742,832	-	-	-	-
Earp Street	3,574,254	-	-	-	-
Ballenridge Outfall	3,767,515	-	-	-	-
Sludge De-Watering System	587,000	-	-	-	-
West Side Sewer Study	68,180	-	-	-	-
East Regional Pump Station	39,900	-	-	-	-
Bass Lake Interceptor	23,300	-	-	-	-
Middle Creek Force Main	1,032,000	-	-	-	-
Avent Ferry Pump Station Force Main	2,963,155	2,868,276	9,350	-	2,877,626
Basal Creek Pump Station Upgrade - Phase 2	882,330	-	-	-	-
WWTP Odor Control	5,241,582	-	-	-	-
Twelve Oaks Pump Station - Phase 2	3,500,000	-	203,011	-	203,011
Bass Lake Pump Station - Phase 2	400,000	-	25,225	-	25,225
Business Park Pump Station - Project Galaxy	7,500,000	-	129,719	-	129,719
Holly Springs Road Phase 2 - Forcemain Upsize	2,460,000	-	-	-	-
Sunset Ridge and Bass Lake Grinder	200,000	-	-	-	-
Utley Creek WRF	1,000,000	-	-	-	-
					-
Total expenditures	77,612,570	2,868,276	473,305	-	3,341,581
Revenues under expenditures	(63,207,370)	(2,842,632)	5,521,428	-	2,678,796
Other financing sources:					
Installment note issuance	19,958,410	3,231,601			3,231,601
State Revolving Loan	17,500,000	-	-	-	-
Revenue bond proceeds	3,500,000	-	-	-	-
Transfer in:					
Other	14,904,083	1,296,029	-	-	1,296,029
Other - American Rescue Plan "ARPA"	-	-	3,500,000	-	3,500,000
Utility Reserve	7,344,877	-	600,000	-	600,000
Transfer out:					
Other - American Rescue Plan "ARPA"	-	-	(3,500,000)	-	(3,500,000)
Utility Reserve	-	-	(267,903)	-	(267,903)
Total other financing sources	63,207,370	4,527,630	332,097	-	4,859,727
Net change in fund balance	\$ -	\$ 1,684,998	5,853,525	-	\$ 7,538,523
Fund balances:					
Beginning of Year			1,684,998		
End of Year			\$ 7,538,523		

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

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022*

	Actual				
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
<b>Revenues:</b>					
Investment earnings	\$ 5,764	\$ 5,868	\$ 1,385	\$ -	\$ 7,253
Miscellaneous	4,321,076	4,351,075	-	(30,000)	4,321,075
Total revenues	4,326,840	4,356,943	1,385	(30,000)	4,328,328
<b>Other financing sources (uses):</b>					
Transfers in	1,532,591	343,799	1,008,185	-	1,351,984
Transfers (out)	(5,859,431)	(30,000)	(3,435,282)	30,000	(3,435,282)
Total other financing	(4,326,840)	313,799	(2,427,097)	30,000	(2,083,298)
Total financing sources (uses)	(4,326,840)	313,799	(2,427,097)	30,000	(2,083,298)
Net change in fund balance	\$ -	\$ 4,670,742	(2,425,712)	\$ -	\$ 2,245,030
<b>Fund balances:</b>					
Beginning of year			4,670,742		
End of year			\$ 2,245,030		



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

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022*

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
<b>Revenues:</b>					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenses:</b>					
Operating	420,000	-	-	-	-
Capital outlay	1,457,000	-	-	-	-
	1,877,000	-	-	-	-
<b>Other financing sources (uses):</b>					
Transfers in	1,877,000	-	435,000	-	435,000
Total other financing	1,877,000	-	435,000	-	435,000
Total financing sources (uses)	1,877,000	-	435,000	-	435,000
Net change in fund balance	\$ -	\$ -	435,000	\$ -	\$ 435,000
<b>Fund balances:</b>					
Beginning of year			-		
End of year			\$ 435,000		

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

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022*

	Actual				
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
<b>Revenues:</b>					
System Development Fees	\$ 25,961,871	\$ 19,532,095	\$ 3,615,205	\$ (10,082,683)	\$ 13,064,617
Investment earnings	41,840	30,838	17,809	(30,838)	17,809
Total revenues	<u>26,003,711</u>	<u>19,562,933</u>	<u>3,633,014</u>	<u>(10,113,521)</u>	<u>13,082,426</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	2,720,590	-	(2,720,590)	-
Transfers (out)					-
Utility Fund	(17,815,019)	(500,000)	-	500,000	-
Water Projects	(200,000)	(200,000)	-	200,000	-
Utility Fund Debt Service	(7,988,692)	(12,134,111)	(3,994,346)	12,134,111	(3,994,346)
Total other financing	<u>(26,003,711)</u>	<u>(10,113,521)</u>	<u>(3,994,346)</u>	<u>10,113,521</u>	<u>(3,994,346)</u>
Total financing sources (uses)	<u>(26,003,711)</u>	<u>(10,113,521)</u>	<u>(3,994,346)</u>	<u>10,113,521</u>	<u>(3,994,346)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 9,449,412</u>	<u>(361,332)</u>	<u>\$ -</u>	<u>\$ 9,088,080</u>
<b>Fund balances:</b>					
Beginning of year			9,449,412		
End of year			<u>\$ 9,088,080</u>		

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

FOR THE YEAR ENDED JUNE 30, 2022

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022			2021
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
<b>Operating revenues:</b>				
Charges for services				
Development fees	\$ 208,221	\$ 227,396	\$ (19,175)	\$ 252,895
Stormwater - residential	884,864	855,419	29,445	750,685
Stormwater - non-residential	468,318	472,546	(4,228)	255,828
Total operating revenues	1,561,403	1,555,361	6,042	1,259,408
<b>Nonoperating revenues:</b>				
Investment earnings	3,600	7,224	(3,624)	4,630
Total nonoperating revenues	3,600	7,224	(3,624)	4,630
Total revenues	1,565,003	1,562,585	2,418	1,264,038
<b>Expenditures:</b>				
Salaries and employee benefits	661,975	566,926	95,049	527,671
Professional services	142,000	89,257	52,743	80,596
Repairs and maintenance	163,458	56,194	107,264	370
Other operating expenditures	108,048	77,814	30,234	66,824
Total utility operations	1,075,481	790,191	285,290	675,461
Capital outlay	50,000	35,642	14,358	63,771
Total expenditures	1,125,481	825,833	299,648	739,232
Revenues over expenditures	439,522	736,752	297,230	524,806
<b>Other financing sources (uses):</b>				
Transfer from other funds	-	-	-	100,000
Transfer (to) other funds	(539,522)	(539,522)	-	(172,458)
Transfer-in American Rescue Plan "ARPA"	-	587,100	587,100	-
Transfer (out) - American Rescue Plan "ARPA"	-	(587,100)	(587,100)	-
Appropriated fund balance	100,000	-	(100,000)	-
Total other financing sources (uses)	(439,522)	(539,522)	(100,000)	(72,458)
Revenues over expenditures and other financing uses	\$ -	197,230	\$ 197,230	452,348

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

FOR THE YEAR ENDED JUNE 30, 2022

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2021)

	2022		2021
	Budget	Actual	Variance Positive (Negative) Actual
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Depreciation and amortization		(52,890)	(12,932)
Capital outlay		35,642	63,771
Capital contributions - asset transfer from governmental		-	1,134,969
Sale of assets		-	20
Increase in compensated absences		(4,564)	(10,282)
Increase in pension obligation		104,584	(48,892)
Decrease in deferred inflows - pension		(124,185)	235
Increase in deferred outflows - pension		19,529	20,858
Deferred outflows of resources for contributions made to pension plan in current fiscal year		6,220	-
Increase in OPEB obligation		382	42,785
Decrease deferred inflows of resources - OPEB		(6,656)	776
Increase deferred outflows of resources - OPEB		34	(1,183)
Total reconciling items		(21,904)	1,190,125
Net income - Stormwater Management Fund		175,326	1,642,473
Other Stormwater Funds:			
Capital project funds:			
Stormwater Reserve Fund		541,275	573,532
Restatement		-	(296,621)
Subtotal		541,275	276,911
Net income - GAAP		\$ 716,601	\$ 1,919,384

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

*FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022*

	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	1,073	1,753	-	2,826
Total revenues	<u>246,517</u>	<u>245,436</u>	<u>1,753</u>	<u>-</u>	<u>247,189</u>
<b>Other financing sources (uses):</b>					
Transfers in	1,162,080	787,558	539,522	(100,000)	\$ 1,227,080
Transfers (out)	<u>(1,408,597)</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>	<u>\$ -</u>
Total other financing	<u>(246,517)</u>	<u>687,558</u>	<u>539,522</u>	<u>-</u>	<u>1,227,080</u>
Total financing sources (uses)	<u>(246,517)</u>	<u>687,558</u>	<u>539,522</u>	<u>-</u>	<u>1,227,080</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 932,994</u>	<u>541,275</u>	<u>\$ -</u>	<u>\$ 1,474,269</u>
<b>Fund balances:</b>					
Beginning of year			932,994		
End of year			<u>\$ 1,474,269</u>		

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

**SCHEDULE 31**

**June 30, 2022**

Fiscal Year	Uncollected Balance June 30, 2021	Additions	Collections and Credits	Uncollected Balance June 30, 2022
2021-2022	\$ -	\$ 29,067,539	\$ (29,008,092)	\$ 59,447
2020-2021	63,266	-	(29,580)	33,686
2019-2020	44,949	-	(18,130)	26,819
2018-2019	21,668	-	(2,206)	19,462
2017-2018	15,139	-	(715)	14,424
2016-2017	10,547	-	(786)	9,761
2015-2016	20,312	-	(334)	19,978
2014-2015	1,569	-	(78)	1,491
2013-2014	12,036	-	(176)	11,860
2012-2013	34,822	-	(964)	33,858
	<u>\$ 224,308</u>	<u>\$ 29,067,539</u>	<u>\$ (29,061,061)</u>	<u>\$ 230,786</u>

Less: allowance for uncollectible accounts

General Fund (125,889)  
Debt Service Fund (51,419)

Ad valorem taxes receivable-net

\$ 53,478

Reconciliation to revenues:

Ad valorem taxes-General Fund	\$ 20,644,471
Ad valorem taxes-Debt Service Fund	8,420,338
Reconciling items:	
Releases allowed	56,732
Penalties and interest	(50,618)
County vehicle decal collections	3,210
Other	(13,072)
Total collections and credits	<u>\$ 29,061,061</u>



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

**Schedule 32**

YEAR ENDED JUNE 30, 2022

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 6,890,644,450	\$ 0.4216	\$ 29,050,957	\$ 26,728,721	\$ 2,322,236
Motor Vehicle Decals	-		8,250	8,250	-
Penalties	-		5,087	5,087	-
Total	6,890,644,450		29,064,294	26,742,058	2,322,236
Discoveries			59,977	59,977	-
Rebates and Releases	\$ (13,456,357)	\$ 0.4216	(56,732)	(56,732)	-
Total Property Valuation	<u>\$ 6,877,188,093</u>				
Net levy			29,067,539	26,745,303	2,322,236
Uncollected taxes at June 30, 2022			(59,447)	(43,181)	(16,266)
Current year's taxes collected			<u>\$ 29,008,092</u>	<u>\$ 26,702,122</u>	<u>\$ 2,305,970</u>
Current levy collection percentage			<u>99.80%</u>	<u>99.84%</u>	<u>99.30%</u>



Prepared by the Town of Holly Springs Finance Department

# STATISTICAL SECTION

The statistical section 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**

The 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)**

**YEAR ENDED JUNE 30, 2022**

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities:			
Net investment in capital assets	\$ 72,421,426	\$ 69,944,838	\$ 74,189,844
Restricted	2,952,713	3,011,707	4,088,141
Unrestricted	<u>5,452,197</u>	<u>13,019,056</u>	<u>13,163,410</u>
Total Governmental Activities Net Position	<u>\$ 80,826,336</u>	<u>\$ 85,975,601</u>	<u>\$ 91,441,395</u>
Business-Type Activities:			
Invested in capital assets, net of related debt	\$ 51,179,606	\$ 51,814,633	\$ 59,220,434
Restricted	-	-	-
Unrestricted	<u>17,971,619</u>	<u>20,650,406</u>	<u>34,354,678</u>
Total Business-Type Activities net position	<u>\$ 69,151,225</u>	<u>\$ 72,465,039</u>	<u>\$ 93,575,112</u>
Primary Government:			
Net investment in capital assets	\$ 123,601,032	\$ 121,759,471	\$ 137,616,091
Restricted	2,952,713	3,011,707	4,180,063
Unrestricted	<u>23,423,816</u>	<u>33,669,462</u>	<u>51,620,490</u>
Total Primary Government Net Position	<u>\$ 149,977,561</u>	<u>\$ 158,440,640</u>	<u>\$ 193,416,644</u>

Table 1

2016	2017	2018	2019	2020	2021	2022
\$ 78,395,657	\$ 91,210,179	\$ 98,782,429	\$ 108,464,520	\$ 110,427,452	\$ 97,753,459	\$ 107,206,055
4,180,063	6,168,323	13,274,189	10,730,713	11,426,931	76,406,801	65,388,045
17,265,812	12,685,845	7,158,567	13,901,463	12,639,854	(16,283,960)	(10,433,541)
<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>
\$ 59,220,434	\$ 65,738,531	\$ 73,242,756	\$ 78,148,397	\$ 84,123,220	\$ 90,407,264	\$ 102,518,596
-	-	-	-	-	-	\$ 6,901,683
34,354,678	37,496,223	41,938,601	44,449,843	44,942,237	52,680,770	58,700,433
<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>
\$ 137,616,091	\$ 156,948,710	\$ 172,025,185	\$ 186,612,917	\$ 194,550,672	\$ 188,160,723	\$ 209,724,651
4,180,063	6,168,323	13,274,189	10,730,713	11,426,931	76,406,801	72,289,728
51,620,490	50,182,068	49,097,168	58,351,306	57,582,091	36,396,810	48,266,892
<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>

**Town of Holly Springs, North Carolina**  
**Changes in Net Position**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

**YEAR ENDED JUNE 30, 2022**

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Expenses:</b>				
Governmental Activities:				
General government	\$ 3,448,919	\$ 3,528,051	\$ 3,462,828	\$ 5,427,002
Public safety	7,864,710	8,291,593	8,625,666	9,375,298
Public works	5,499,102	5,216,527	5,439,989	5,117,826
Economic and physical development	2,385,357	2,515,614	2,727,983	2,717,471
Cultural and recreational	3,920,197	4,168,776	4,385,491	4,853,362
Interest on long-term debt	935,315	1,109,591	1,517,904	1,131,787
Total Governmental Activities Expenses	<u>\$ 24,053,600</u>	<u>\$ 24,830,152</u>	<u>\$ 26,159,861</u>	<u>\$ 28,622,746</u>
Business-Type Activities:				
Utility	\$ 10,789,690	\$ 10,310,680	\$ 10,391,706	\$ 12,525,209
Stormwater management	-	-	304,303	382,116
Total Business-Type Activities	<u>10,789,690</u>	<u>10,310,680</u>	<u>10,696,009</u>	<u>12,907,325</u>
Total Primary Government	<u>\$ 34,843,290</u>	<u>\$ 35,140,832</u>	<u>\$ 36,855,870</u>	<u>\$ 41,530,071</u>
<b>Program Revenues:</b>				
Governmental Activities:				
Charges for Services:				
General government	\$ 13,125	\$ 8,400	\$ 21,575	\$ 16,325
Public safety	4,447	-	-	3,935
Public works	3,528,051	3,149,640	3,640,733	4,126,782
Economic and physical development	463,451	629,514	881,538	979,236
Cultural and recreational	1,437,567	1,503,984	1,597,746	2,078,761
Operating grants and contributions	1,586,696	1,596,573	2,310,297	1,911,070
Capital grants and contributions	2,983,090	376,600	679,807	2,497,859
Total Governmental Activities Expenses	<u>\$ 10,016,427</u>	<u>\$ 7,264,711</u>	<u>\$ 9,131,696</u>	<u>\$ 11,613,968</u>
Business-Type Activities:				
Charges for Services:				
Utility	\$ 8,221,998	\$ 8,824,314	\$ 9,593,146	\$ 10,665,649
Stormwater management	-	-	400,996	424,890
Operating grants and contributions	1,185,994	941,444	2,518,586	3,087,544
Capital grants and contributions	4,905,290	4,111,657	4,176,414	13,247,053
Total Business-Type Activities Program	<u>14,313,282</u>	<u>13,877,415</u>	<u>16,689,142</u>	<u>27,425,136</u>
Revenues	<u>14,313,282</u>	<u>13,877,415</u>	<u>16,689,142</u>	<u>27,425,136</u>
Total Primary Government Program Revenues	<u>\$ 24,329,709</u>	<u>\$ 21,142,126</u>	<u>\$ 25,820,838</u>	<u>\$ 39,039,104</u>
Net (Expense) Revenue:				
Governmental activities	(14,037,173)	(17,565,441)	(17,028,165)	(17,008,778)
Business-type activities	3,728,089	3,566,735	5,993,133	14,517,811
Total Primary Government Net Expenses	<u>\$ (10,309,084)</u>	<u>\$ (13,998,706)</u>	<u>\$ (11,035,032)</u>	<u>\$ (2,490,967)</u>



Table 2

2017	2018	2019	2020	2021	2022
\$ 6,313,275	\$ 6,107,980	\$ 6,455,658	\$ 8,004,900	\$ 22,941,073	\$ 14,145,144
9,819,225	10,912,664	11,890,328	15,348,729	11,940,360	13,804,821
5,764,726	5,804,588	6,376,293	9,345,302	5,291,086	7,028,387
3,050,354	3,540,240	3,900,880	4,592,068	4,228,795	24,467,841
6,582,467	7,040,497	7,258,197	9,251,664	2,277,614	5,076,874
1,426,709	1,247,571	788,902	1,370,458	889,600	2,641,647
<u>\$ 32,956,756</u>	<u>\$ 34,653,540</u>	<u>\$ 36,670,258</u>	<u>\$ 47,913,121</u>	<u>\$ 47,568,528</u>	<u>\$ 67,164,714</u>
\$ 13,769,219	\$ 13,929,928	\$ 17,255,535	\$ 19,707,996	\$ 15,782,975	\$ 18,579,677
426,954	531,509	669,700	685,851	684,096	847,736
<u>14,196,173</u>	<u>14,461,437</u>	<u>17,925,235</u>	<u>20,393,847</u>	<u>16,467,071</u>	<u>19,427,413</u>
<u>\$ 47,152,929</u>	<u>\$ 49,114,977</u>	<u>\$ 54,595,493</u>	<u>\$ 68,306,968</u>	<u>\$ 64,035,599</u>	<u>\$ 86,592,127</u>
\$ 20,925	\$ 2,858,813	\$ 7,298,373	\$ 5,294,919	\$ 3,111,678	\$ 4,608
649,785	853,789	792,717	845,475	-	-
4,211,351	2,385,218	2,521,378	2,809,164	-	3,306,669
1,082,787	-	-	-	-	2,601,694
2,659,557	3,907,820	2,354,661	2,276,871	5,080,376	4,569,187
937,153	722,111	707,806	700,191	1,577,170	1,596,014
6,186,357	3,826,519	4,194,268	1,436,550	17,181,170	9,863,429
<u>\$ 15,747,915</u>	<u>\$ 14,554,270</u>	<u>\$ 17,869,203</u>	<u>\$ 13,363,170</u>	<u>\$ 26,950,394</u>	<u>\$ 21,941,601</u>
\$ 13,010,379	\$ 23,522,105	\$ 20,215,998	\$ 23,237,843	\$ 19,292,758	\$ 22,814,857
438,541	861,496	839,796	1,006,146	5,511,370	1,555,361
34,014	-	-	-	-	27,047
<u>11,209,180</u>	<u>2,572,952</u>	<u>4,753,170</u>	<u>2,790,940</u>	<u>5,396,694</u>	<u>3,018,954</u>
24,692,114	26,956,553	25,808,964	27,034,929	30,200,822	27,416,219
<u>\$ 40,440,029</u>	<u>\$ 41,510,823</u>	<u>\$ 43,678,167</u>	<u>\$ 40,398,099</u>	<u>\$ 57,151,216</u>	<u>\$ 49,357,820</u>
(17,208,841)	(20,099,270)	(18,801,055)	(34,549,954)	20,618,134	45,223,113
10,495,941	12,495,116	7,883,729	6,641,082	(13,733,751)	(7,988,806)
<u>\$ (6,712,900)</u>	<u>\$ (7,604,154)</u>	<u>\$ (10,917,326)</u>	<u>\$ (27,908,872)</u>	<u>\$ 6,884,383</u>	<u>\$ 37,234,307</u>

**Town of Holly Springs, North Carolina**  
**Changes in Net Position**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

**YEAR ENDED JUNE 30, 2022**

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>General Revenue and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes:				
Property taxes, levied for general purposes	\$ 14,461,270	\$ 15,619,742	\$ 16,223,733	\$ 17,257,526
Other taxes	234,245	304,881	293,621	245,812
Unrestricted grants and contributions	5,630,346	6,110,835	7,335,754	7,975,706
Unrestricted investment earnings	110,730	186,353	88,056	91,790
Gain (loss) on sale of assets	-	-	21,779	111,308
Miscellaneous	148,424	167,478	(52,482)	(222,998)
Transfers	-	462,694	-	-
Total Governmental Activities	<u>20,585,015</u>	<u>22,851,983</u>	<u>23,910,461</u>	<u>25,459,144</u>
Business-Type Activities:				
Unrestricted investment earnings	134,995	10,048	115,328	134,205
Gain (loss) on sale of assets	-	-	-	(9,070)
Miscellaneous	-	-	-	-
Transfers	-	352,969	-	-
Total Business-Type Activities Program	<u>134,995</u>	<u>363,017</u>	<u>115,328</u>	<u>125,135</u>
Total Primary Government	<u>\$ 20,720,010</u>	<u>\$ 23,215,000</u>	<u>\$ 24,025,789</u>	<u>\$ 25,584,279</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 6,547,842	\$ 5,149,265	\$ 6,882,296	\$ 7,868,445
Business-type activities	3,863,084	3,313,814	6,108,461	15,224,877
Total Primary Government Net Expenses	<u>\$ 10,410,926</u>	<u>\$ 8,463,079</u>	<u>\$ 12,990,757</u>	<u>\$ 23,093,322</u>

Table 2

2017	2018	2019	2020	2021	2022
\$ 18,178,641	\$ 19,209,381	\$ 20,667,959	\$ 24,089,825	\$ 26,867,688	\$ 29,064,809
263,595	270,673	281,621	289,388	685,529	809,962
8,317,739	8,880,075	8,889,855	10,060,324	15,383,548	16,650,541
67,113	241,480	327,247	368,545	105,025	932,478
39,782	(454)	21,607	328,052	-	-
609,585	778,909	541,851	639,823	1,064,165	1,132,532
946,124	567,135	1,272,139	610,976	(357,567)	917,050
<u>28,422,579</u>	<u>29,947,199</u>	<u>32,002,279</u>	<u>36,386,933</u>	<u>43,748,388</u>	<u>49,507,372</u>
109,825	226,328	805,293	530,281	\$ 11,142	\$ 99,211
-	(1,736)	-	-	-	-
-	-	-	3,292	489,982	17,861,711
<u>(946,124)</u>	<u>(567,135)</u>	<u>(1,272,139)</u>	<u>(610,976)</u>	<u>357,567</u>	<u>(917,050)</u>
<u>(836,299)</u>	<u>(342,543)</u>	<u>(466,846)</u>	<u>(77,403)</u>	<u>858,691</u>	<u>17,043,872</u>
<u>\$ 27,586,280</u>	<u>\$ 29,604,656</u>	<u>\$ 31,535,433</u>	<u>\$ 36,309,530</u>	<u>\$ 44,607,079</u>	<u>\$ 66,551,244</u>
\$ 11,173,956	\$ 9,847,929	\$ 13,496,434	\$ 1,836,979	\$ 23,130,254	\$ 4,284,259
9,656,642	12,152,573	7,416,882	6,563,679	14,592,442	25,032,678
<u>\$ 20,830,598</u>	<u>\$ 22,000,502</u>	<u>\$ 20,913,316</u>	<u>\$ 8,400,658</u>	<u>\$ 37,722,696</u>	<u>\$ 29,316,937</u>

**Town of Holly Springs, North Carolina**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Years (Accrual Basis of Accounting)**

**Table 3**

**YEAR ENDED JUNE 30, 2022**

<b>Fiscal Year</b>	<b>Property Tax Levy <sup>(1)</sup></b>	<b>Tax Rate</b>
2013	\$ 14,461,270	\$ 0.4350
2014	15,619,742	0.4350
2015	16,223,733	0.4350
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

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**

**Table 4**

**YEAR ENDED JUNE 30, 2022**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Fund</b>										
Fund Balance:										
Nonspendable	\$ 46,140	\$ 52,410	\$ 52,239	\$ 70,081	\$ 79,950	\$ 91,303	\$ 110,795	\$ 125,674	\$ 253,630	\$ 269,704
Restricted	2,663,930	2,544,522	2,970,290	3,639,779	5,778,229	6,886,858	5,288,377	7,566,502	8,480,716	14,945,965
Committed	-	-	-	-	-	361,055	1,083,165	1,401,301	318,891	3,755,054
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	65,922	7,386,296	8,631,264	8,458,193	7,268,830	7,541,972	10,997,626	12,643,014	15,455,409	11,357,473
Total General Fund	<u>\$ 2,775,992</u>	<u>\$ 9,983,228</u>	<u>\$ 11,653,793</u>	<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>
<b>All Other Governmental Funds:</b>										
Fund Balance:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	288,783	467,185	1,117,851	540,284	390,094	6,387,331	5,442,336	3,860,429	69,356,584	51,390,905
Committed	16,073,301	8,448,148	7,515,167	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
Unassigned	-	-	(3,434)	(3,434)	8,142	(833,934)	667,265	(1,697,459)	-	-
Total Governmental Fund	<u>\$ 16,362,084</u>	<u>\$ 8,915,333</u>	<u>\$ 8,629,584</u>	<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>

**Town of Holly Springs, North Carolina**  
**Changes in Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years (Modified Accrual Basis of Accounting)**

**Table 5**

**YEAR ENDED JUNE 30, 2022**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues:</b>										
Ad valorem taxes	\$ 14,459,706	\$ 15,687,338	\$ 16,286,363	\$ 17,018,909	\$ 18,174,054	\$ 19,206,514	\$ 20,664,824	\$ 24,297,521	\$ 26,862,367	\$ 29,064,809
Other taxes and licenses	234,245	304,881	293,621	245,812	263,595	270,305	281,335	288,283	685,529	809,962
Unrestricted governmental	5,630,346	6,110,835	7,335,754	7,975,705	8,317,740	8,880,075	9,570,143	10,060,324	15,983,548	16,650,543
Restricted intergovernmental	1,360,685	1,518,433	2,288,396	3,065,521	5,379,580	3,386,261	2,484,631	2,740,762	4,498,211	5,603,298
Permits and fees	2,668,637	2,364,570	3,015,654	3,560,678	3,938,888	5,168,469	7,434,931	4,871,288	3,111,678	2,601,694
Sales and services	3,241,890	3,381,708	3,827,647	4,296,864	4,919,619	5,268,409	5,414,832	5,123,703	5,080,376	5,439,843
Investment earnings	110,730	186,353	88,056	91,790	67,113	241,480	327,247	368,545	105,025	120,631
Contributions	-	-	-	-	-	601,000	610,000	600,000	-	-
Miscellaneous	167,478	155,960	21,779	132,295	352,190	819,408	568,356	669,140	937,248	789,008
Total Revenues	27,873,717	29,710,078	33,157,270	36,387,574	41,412,779	43,841,921	47,356,299	49,019,566	57,263,982	61,079,788
<b>Expenditures:</b>										
General government	3,269,815	3,330,493	3,372,314	4,777,766	4,992,465	5,762,700	6,068,557	7,045,195	5,888,841	7,090,889
Public safety	7,060,856	7,498,671	8,167,487	8,753,090	9,041,240	9,598,597	10,445,463	11,563,787	12,122,150	13,878,530
Public works	3,857,299	3,525,567	3,802,470	3,343,570	3,862,106	3,828,097	4,228,356	4,604,519	6,698,810	6,640,017
Economic and physical development	2,346,102	2,469,042	2,752,672	2,725,969	3,043,549	3,349,044	3,647,405	3,664,380	4,259,326	24,686,867
Culture and recreation	3,463,886	3,704,644	3,966,824	4,056,012	4,572,031	5,225,265	5,237,054	4,944,635	4,400,115	5,067,056
Debt service:										
Principal	2,589,337	2,984,012	3,595,154	3,372,453	3,470,119	3,270,280	3,271,430	3,205,035	3,301,514	4,225,748
Interest and other charges	968,312	1,213,304	1,424,840	1,435,953	1,366,365	1,373,669	1,267,951	1,163,600	1,052,367	2,434,261
Capital outlay	4,704,960	12,093,646	20,761,983	9,344,540	9,727,367	9,158,453	9,867,611	11,708,526	7,928,259	11,495,738
Total Expenditures	28,260,567	36,819,379	47,843,744	37,809,353	40,075,242	41,566,105	44,033,827	47,899,677	45,651,382	75,519,106
Excess of revenues over (under) expenditures	(386,850)	(7,109,301)	(14,686,474)	(1,421,779)	1,337,537	2,275,816	3,322,472	1,119,889	11,612,600	(14,439,318)
<b>Other Financing Sources (Uses):</b>										
Transfers in	1,683,900	337,784	4,615	3,830,312	3,880,782	15,331,363	17,984,579	18,187,134	101,354	20,873,623
Transfers out	(1,683,900)	15,185	(4,615)	(4,412,243)	(2,934,658)	(14,781,725)	(16,712,440)	(17,576,158)	(458,921)	(19,956,573)
General obligation bonds issued	12,542,391	-	-	-	-	-	-	-	30,000,000	8,533,381
General obligation bonds principal payment refunding	-	-	-	-	-	-	-	-	-	(9,060,000)
Bond premiums	-	-	-	(118,505)	-	-	-	-	7,758,301	-
Insurance proceeds	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	330,593	45,267	39,782	26,825	21,607	328,053	-	-
Installment purchase obligations	704,550	1,790,650	-	-	-	-	-	-	1,750,000	2,276,250
Limited obligation bonds issued	-	-	18,912,653	-	-	-	-	-	18,270,000	-
Total Other Financing Sources (Uses)	13,246,941	2,143,619	19,243,246	(655,169)	985,906	576,463	1,293,746	939,029	57,420,734	2,666,681
Net change in fund balances	\$ 12,860,091	\$ (4,965,682)	\$ 4,556,772	\$ (2,076,948)	\$ 2,323,443	\$ 2,852,279	\$ 4,616,218	\$ 2,058,918	\$ 69,033,334	\$ (11,772,637)
Debt service as a percentage of noncapital expenditures	15.1%	17.0%	18.5%	16.9%	15.9%	14.3%	13.3%	12.1%	13.0%	10.4%



**Town of Holly Springs, North Carolina**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

**Table 6**

**YEAR ENDED JUNE 30, 2022**

Fiscal Year	Tax Year Ended December 31	Real Property	Personal Property	Public Service Company	Net Assessed Value	Ratio of Assessed Value to Estimated Actual	
						Rate <sup>(2)</sup>	Value <sup>(1)</sup>
2013	2012	\$ 2,820,610,148	\$ 497,569,451	\$ 11,317,969	\$ 3,329,497,568	\$ 0.4350	100%
2014	2013	2,980,832,198	267,785,254	202,730,575	3,451,348,027	0.4350	100%
2015	2014	3,157,366,328	255,641,980	11,280,764	3,424,289,072	0.4325	100%
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%

**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 every four (4) years by North Carolina State Statute. The last revaluation occurred as of December 31, 2020.

**Town of Holly Springs, North Carolina  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years**

**Table 7**

**YEAR ENDED JUNE 30, 2022**

<b>Fiscal Year</b>	<b>Town of Holly Springs</b>	<b>Wake County</b>	<b>Combined Tax Rate Per \$100 of Assessed Value</b>
2013	\$ 0.4350	\$ 0.534	\$ 0.9690
2014	0.4350	0.578	1.0130
2015	0.4325	0.615	1.0470
2016	0.4325	0.601	1.0330
2017	0.4325	0.615	1.0475
2018	0.4325	0.654	1.0869
2019	0.4825	0.721	1.2032
2020	0.4216	0.600	1.0216
2021	0.4216	0.600	1.0216
2022	0.4216	0.600	1.0216

Note:

<sup>(1)</sup> A revaluation of all property is required every four (4) years by North Carolina State Statute. The last revaluation occurred as of December 31, 2020.

**Town of Holly Springs, North Carolina  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

**Table 8**

**YEAR ENDED JUNE 30, 2022**

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Seqirus Inc <sup>(1)</sup>	\$ 326,322,865	1	4.75%	\$ 355,781,624	1	10.69%
Rex Hospital Inc	75,249,911	2	1.09%	-	-	-
KRG New Hill Place	70,525,709	3	1.03%	16,461,400	5	0.49%
CCC Villages at Pecan Grove LLC	56,008,462	4	0.81%	-	-	-
Myers Exchange Holly Springs LP	47,890,746	5	0.70%	-	-	-
New Hill Associates LLC	34,466,974	6	0.50%	-	-	-
MSS Apartments LLC	34,466,974	7	0.50%	20,249,698	3	0.61%
Walmart	20,244,065	8	0.29%	18,290,737	4	0.55%
Helix Ventures LLC	21,720,193	9	0.32%	-	-	-
Duke University Health System Inc	18,345,960	10	0.27%	-	-	-
WSLD 12 Oaks VI LLC	-	-	-	27,922,255	2	0.84%
Southpark Village Investment	-	-	-	16,190,556	6	0.49%
Rosen Holly Springs LLC	-	-	-	13,910,243	7	0.42%
Holly Springs Residential Prop	-	-	-	13,768,300	8	0.41%
Holly Springs Crossing LLC	-	-	-	11,733,904	9	0.35%
Apple Nine NC LP	-	-	-	9,169,602	10	0.28%
Totals	<u>\$ 705,241,859</u>		<u>10.3%</u>	<u>\$ 503,478,319</u>		<u>15.1%</u>
Total Assessed Value	<u>\$ 6,877,188,093</u>			<u>\$ 3,329,497,568</u>		

Source: Wake County Tax Administration - Statistics and Reports, and 2013 CAFR.

<sup>(1)</sup> Novartis merged to become Seqirus Inc. in July 2015

**Town of Holly Springs, North Carolina  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

**Table 9**

**YEAR ENDED JUNE 30, 2022**

<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>
2013	\$ 14,636,933	\$ 14,485,360	99.0%	\$ 132,697	\$ 14,618,057	99.9%
2014	15,866,133	15,768,583	99.4%	133,848	15,902,431	100.0%
2015	16,458,003	16,422,026	99.8%	74,720	16,496,746	100.0%
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%

**Notes:**

<sup>(1)</sup> A revaluation of all property is required every four (4) years by North Carolina State Statute. The last revaluations occurred as of December 31, 2020.

**Town of Holly Springs, North Carolina**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

**Table 10**

**YEAR ENDED JUNE 30, 2022**

Fiscal	Governmental Activities			Business-Type Activities			Total Primary	Debt as a % of Assessed	
	Installment			Installment		Revenue			
Year	GO Bonds	Purchases	LO Bonds	GO Bonds	Purchases	Bonds	Government	Valuation <sup>(1)</sup>	Per Capita <sup>(2)</sup>
2013	\$ 13,513,176	\$ 21,104,527	\$ -	\$ 12,324,215	\$ 16,874,016	\$ 23,192,250	\$ 87,008,184	2.6%	\$ 3,105
2014	13,247,144	21,159,117	-	11,867,167	15,800,282	22,190,300	84,264,010	2.4%	2,802
2015	12,935,475	16,857,552	18,912,653	11,345,756	14,726,548	21,140,954	95,918,938	2.8%	3,056
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

**Notes:**

<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.

**Town of Holly Springs, North Carolina**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

**Table 11**

**YEAR ENDED JUNE 30, 2022**

<b>Fiscal Year</b>	<b>General Obligation Bonds <sup>(1)</sup></b>	<b>Percentage of Assessed Property Value</b>	<b>Per Capita <sup>(2)</sup></b>
2013	\$ 25,295,000	0.76%	\$ 903
2014	24,590,000	0.71%	818
2015	23,775,000	0.69%	757
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

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.

<sup>(2)</sup> Population data can be found in Table 15.



**Town of Holly Springs, North Carolina**  
**Direct and Overlapping Governmental Activities Debt**

**Table 12**

**YEAR ENDED JUNE 30, 2022**

<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	\$ 84,320,100 <sup>(3)</sup>	100.00%	\$ 84,320,100
Overlapping Debt: <sup>(4)</sup>			
Wake County	1,595,065,000 <sup>(1)</sup>	3.63% <sup>(2)</sup>	<u>57,859,915</u>
Total direct and overlapping debt			<u><u>\$ 142,180,015</u></u>

<sup>(1)</sup> Amount represents General Obligation 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 and installment financing 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

Table 13

YEAR ENDED JUNE 30, 2022

Fiscal Year	Debt Limit	Less: Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2013	\$ 266,359,805	\$ 67,505,102	\$ 198,854,703	25.34%
2014	276,107,842	50,672,232	225,435,610	18.35%
2015	274,049,458	62,993,344	211,056,114	22.99%
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	550,175,047	104,220,568	445,954,479	18.94%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	\$ 6,877,188,093
Debt Limit (8% of total assessed value)	550,175,047
Debt applicable to limit:	
General obligation bonds (including premium)	49,715,456
Limited obligation bonds	34,524,699
Installment purchase agreements	19,980,413
Less: Statute exclusion for water bonds	-
Total net debt applicable to limit	104,220,568
Legal Debt Margin	\$ 445,954,479
Percentage of debt to debt limit	18.94%
Percentage of debt to assessed value	1.52%

<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

Table 14

YEAR ENDED JUNE 30, 2022

Utility Revenue Bonds								
Fiscal Year	Water & Sewer Charges <sup>(1)</sup>	Operating Revenues <sup>(2)</sup>	Total Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
						Principal	Interest	
2012	\$ 9,550,280	\$ 3,443,765	\$ 12,994,045	\$ 5,569,925	\$ 7,424,120	\$ 956,697	\$ 1,142,703	3.54%
2013	9,407,992	4,030,585	13,438,577	6,663,737	6,774,840	957,138	1,420,811	2.85%
2014	9,765,758	4,211,705	13,977,463	6,318,282	7,659,181	2,532,733	1,545,133	1.88%
2015	12,111,732	4,215,425	16,327,157	6,596,399	9,730,758	2,644,492	1,409,831	2.40%
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%

<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**

**Table 15**

**YEAR ENDED JUNE 30, 2022**

Fiscal Year	Personal						
	Holly Springs	Wake County	Income	Per Capita	Median	School	Unemployment
	Population <sup>(1)</sup>	Population <sup>(2)</sup>	(thousands) <sup>(3)</sup>	Income <sup>(4)</sup>	Age <sup>(5)</sup>	Enrollment <sup>(6)</sup>	Rate <sup>(7)</sup>
2012	\$ 26,390	\$ 929,780	\$ 42,693,474	\$ 44,839	34.4	7,010	7.7%
2013	28,020	952,151	44,911,652	46,097	34.4	7,816	7.2%
2014	30,071	974,289	49,629,485	49,695	35.0	7,937	5.5%
2015	31,391	998,691	50,257,552	50,294	35.0	8,114	5.5%
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%

<sup>(1)</sup> Population projections are compiled by Town of Holly Springs Planning & Zoning Department.

<sup>(2)</sup> Source - Wake County. 2021 data is not yet available.

<sup>(3)</sup> Personal Income for Wake County according to the US Bureau of Economic Analysis.

Information is available for the County, not the Town. Latest data available is 2019. Revised November 17, 2020.

2022 figure is from FRED (Federal Reserve Economic Data) and based on 2020 reported figures.

<sup>(4)</sup> Per capita Income for Wake County according to the US Bureau of Economic Analysis.

Information is available for the County, not the Town. Latest data available is 2019. Revised November 17, 2020.

<sup>(5)</sup> Median age for Wake County according to WakeGOV. 2022 figure is from Census Reporter.

<sup>(6)</sup> School enrollment for public schools within Town incorporated limits provided by Wake County Public School System.

<sup>(7)</sup> Unemployment rate for Wake County according to WakeGOV. 2021 rate for Wake County according to North Carolina Department of Commerce.

**Town of Holly Springs, North Carolina**  
**Principal Employers**  
**Last Ten Fiscal Years**  
**LINK: TABLE.16**

**Table 16**

**YEAR ENDED JUNE 30, 2022**

	<b>2022</b>		<b>2013</b>	
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Employees</b>	<b>Rank</b>
CSL Seqirus Inc (formerly Novartis)	950	1	758	1
Wake County Public School System	700	2	650	2
Walmart	350	5	260	3
Town of Holly Springs*	371	4	237	4
UNC Health Rex Holly Springs	450	3	67	9
Target	300	6	200	5
Rovisys	209	7	56	10
Pierce Group Benefits	155	9	150	6
My Computer Career	175	8	80	8
Ideal Landscaping	125	10	97	7

\* 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**

**Table 17**

**YEAR ENDED JUNE 30, 2022**

<b>Function</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
General Government										
Governing Body	5	5	5	5	5	5	2	2	2	2
Administration	9	8	8	10	10	11	16	18	21	22
Finance*	8	7	8	10	10	11	12	14	17	19
Economic and Physical Development										
Economic Development	2	2	2	1	2	2	2	2	2	2
Planning*	6	6	7	9	8	9	9	10	-	-
Code Enforcement*	10	9	9	12	12	12	13	13	-	-
Engineering*	19	18	18	21	21	23	26	28	-	-
Development Services*										
Customer Svce & Compliance	-	-	-	-	-	-	-	-	8	9
Land Development	-	-	-	-	-	-	-	-	20	26
Building & Safety	-	-	-	-	-	-	-	-	8	11
Public Safety										
Law Enforcement										
Officers	44	44	50	50	49	56	64	71	69	73
Civilians	12	12	10	13	13	12	15	15	18	18
Fire/Rescue	37	39	39	41	40	45	54	58	58	71
Public Works										
Streets	11	11	10	12	10	11	15	15	17	17
Solid Waste	11	11	12	11	11	14	14	15	15	15
Fleet Maintenance	2	2	2	2	2	2	2	3	3	4
Facility Maintenance*	-	-	-	-	-	-	-	-	2	3
Parks and Recreation	29	26	27	33	33	34	37	38	36	37
Water										
Water Storage*	1	1	1	1	1	1	1	1	-	-
Water Distributions*	10	9	10	11	12	12	12	12	-	-
Water Meters (Finance)	4	4	4	4	4	4	4	4	-	-
Water Quality										
WW Treatment*	8	8	8	8	8	8	9	9	-	-
Pump Stations*	3	3	3	4	4	4	4	4	-	-
Laboratory*	2	2	2	2	2	2	2	3	-	-
WW Collections*	4	4	4	3	4	5	6	6	-	-
Utilities & Infrastructure*										
Business Management	-	-	-	-	-	-	-	-	5	5
Infrastructure & Environmental Services	-	-	-	-	-	-	-	-	10	13
Water Resources Admin	-	-	-	-	-	-	-	-	1	1
Utility Management & Planning	-	-	-	-	-	-	-	-	1	1
Operations	-	-	-	-	-	-	-	-	7	7
Industrial Maintenance	-	-	-	-	-	-	-	-	-	2
Compliance	-	-	-	-	-	-	-	-	4	4
Water Distributions	-	-	-	-	-	-	-	-	12	12
Cross Connection / Backflow	-	-	-	-	-	-	-	-	1	1
WW Collections	-	-	-	-	-	-	-	-	10	10
<b>Total</b>	<b>237</b>	<b>231</b>	<b>239</b>	<b>263</b>	<b>261</b>	<b>283</b>	<b>319</b>	<b>341</b>	<b>347</b>	<b>385</b>

\*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.





Prepared by the Town of Holly Springs Finance Department

**Town of Holly Springs, North Carolina**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

**YEAR ENDED JUNE 30, 2022**

<b>Function</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Public Safety				
Physical arrests	321	423	470	462
Traffic violations	3,159	3,034	2,385	2,227
Number of fire calls answered	1,407	1,522	1,657	1,877
Inspections	829	813	960	1,010
Police response rate	N/A	N/A	N/A	N/A
Fire response rate	N/A	N/A	N/A	N/A
Highways and streets				
Street resurfacing (miles)	2.04	-	2.00	5.25
Potholes repaired	89	78	240	191
Sidewalk repaired (linear feet)	1,262	1,242	2,210	2,163
Street sweeping (miles)	400	350	684	575
Code Enforcement/Inspections				
Building permits	685	663	944	989
Sanitation				
Residential waste collected (tons/year)	6,667	6,761	7,408	8,568
Recyclables collected (tons/year)	1,734	1,962	1,940	2,021
Yard waste collected (tons/year)	19,662 cy	19,874 cy	22,200 cy	27,152 cy
Household/appliances (tons/year)	78.02	83.00	159 pieces	183 pieces
Recycle pick-up fee	\$ 4.25	\$ 4.25	\$ 4.25	\$ 4.34
Trash pick-up fee	\$ 9.50	\$ 9.50	\$ 9.50	\$ 9.69
Yard waste pick-up fee				
Culture and recreation				
Athletic field permits issued	12	21	48	49
Community center admissions	\$ 851,098	\$ 863,603	\$ 916,966	\$ 948,829
Youth participation:				
Fall soccer	702	708	831	822
Spring soccer	733	691	798	916
Football and cheerleading	224	139	189	180
Basketball	688		899	897
Baseball	1,284	1,289	1,366	1,392
Before and after school	872	926	906	1,328
Summer camp	1,253	1,247	1,413	1,198
Track-out				
Track	113	112	110	109
Basketball	132	108	144	580
Softball	700	640	580	4,159
Fitness room	3,436	3,204	3,529	33
Water				
Water customers	9,375	9,874	10,364	11,644
Average water bill	\$ 32.46	\$ 34.71	\$ 36.86	\$ 39.45
Water main breaks	4	3	1	3
Sanitary sewer overflows (SSO)	1	2	3	2
Average daily consumption (MGD)	1,873,000	952,000	2,449,000	2,913,000
Wastewater				
Average daily sewage treatment	1.521	1.757	1.980	2.163

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

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

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

(3) Information not available at the time of report.

(4) 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.

Table 18

2017	2018	2019	2020	2021	2022
444	383	310	413	525	601
1,914	1,163	1,019	2,117	1,968	1,760
1,903	2,130	2,174	2,318	2,440	2,932
1,107	548	1,789	627	977	1,416
N/A	N/A	5.09**	6.13	5.07	4.48
N/A	N/A	4.31	5.09	5.35	6.00
7.17	5.59	5.59	-	-	3.25
191	163	163	110	N/A <sup>(3)</sup>	0
2,808	3,029	3,029	4,602	N/A <sup>(3)</sup>	1,309
150 <sup>(1)</sup>	240	240	170	N/A <sup>(3)</sup>	2,410
1,072	996	1,135	1,279	1,459	1057 <sup>(4)</sup>
9,472	7,981	9,918	11,221	11,014	12,843
1,660	2,072	2,354	1,726	1,645	1,400
37,932.09 cy	23,524 cy	21,480 *	3,221 cy	5638.75	5,589.00
24.69*	25 pieces	24.00	4.10	102.09	33.82
\$ 4.34	\$ 4.34	\$ 4.34	\$ 5.22	\$ 5.42	\$ 5.13
\$ 9.69	\$ 9.69	\$ 9.69	\$ 9.88	\$ 10.17	\$ 9.98
	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.50	\$ 4.00
76	268	349	261	1285	1113
\$ 1,357,634	\$ 1,286,597	\$ 1,042,227	\$ 594,327	\$ 613,343	\$ 932,938
822	957	971	1,050	446	1,134
916	994	1,081	-	874	1,416
131	123	152	147	50	207
895	909	881	941	350	656
1,420	1,474	1,526	586	1,347	1,766
1,776	13,000	1,479	1,217	1,351	1,081
1,366	1,378	1,230	1,102	281	1,331
	1,169	1,019	848	- <sup>(2)</sup>	846
105	100	97	-	47	85
144	120	120	120	- <sup>(2)</sup>	- <sup>(2)</sup>
540	400	360	480	380	380
4,241	4,400	3,238	1,744	1,040	1,100
11,435	12,345	12,864	13,568	14,340	14,981
\$ 42.04	\$ 36.22	\$ 38.22	\$ 38.35	\$ 72.26	\$ 63.52
5	6	0	2	5	5
1	0	0	0	0	0
3,211,000	2,667,000	3,821,000	2,658,000	3,100,000	3,363,542
2.263	2.351	2.650	2.640	2.820	2.827

**Town of Holly Springs, North Carolina**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

**YEAR ENDED JUNE 30, 2022**

<b>Function</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Public Safety				
Police stations	2	2	2	1
Police patrol units	48	48	48	56
Fire stations	3	3	3	3
Fire trucks	8	7	7	7
Sanitation				
Collection trucks	4	4	4	5
Highways and streets				
Streets (miles)	106.17	108.50	115.66	118.58
Traffic signals	22	22	25	25
Public parking spaces	993	993	993	993
Culture and recreation				
Parks acreage	433	537	573	573
Parks	6	5	5	5
Baseball fields	10	10	11	11
Tennis courts	6	9	21	21
Community centers	1	1	1	2
Water				
Water mains (feet)				
4" water line	4,818	5,450	6,627	7,785
6" water line	29,414	32,438	39,809	44,976
8" water line	99,978	111,178	147,722	163,418
12" water line	104,660	107,602	120,450	127,194
Total	238,870	256,668	314,608	343,373
Maximum daily capacity (millions of gallons per day)	10	10	12	12
Sewer				
8" sewer lines (feet)	197,115	211,686	258,582	283,704
12" sewer lines (feet)	-	-	-	-
15" sewer lines (feet)	-	-	-	-
16" sewer lines (feet)	-	-	-	-
30" sewer lines (feet)	-	-	-	-
Total	197,115	211,686	258,582	283,704
Maximum daily treatment capacity (millions of gallons per day)	2.4	2.4	2.4	2.4

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

Table 19

2017	2018	2019	2020	2021	2022
1	1	1	1	1	1
58	58	58	58	60	86
3	3	3	3	3	3
7	8	8	9	9	10
4	7	8	10	12	13
125.75	131.34	140.20	146.83	153.55	157.05
28	32	32	38	38	38
1,932	1,932	1,932	2,261	2,261	2,303
573	573	573	629	636	636
5	5	5	5	5	5
11	11	11	11	11	11
21	21	21	21	21	21
2	2	1	1	1	1
7,785	7,797	8,139	37,092	42,177	42,333
52,392	58,130	60,072	177,915	181,348	183,408
198,425	212,395	234,421	481,455	509,802	529,781
142,194	148,560	162,978	276,430	281,376	285,867
400,796	426,882	465,610	972,892	1,014,703	1,041,389
12	12	12	12	12	12
340,545	362,000	398,645	643,527	675,920	699,434
-	-	-	-	-	3,573
-	-	-	-	-	173
-	-	-	-	-	112
-	-	-	-	-	731
340,545	362,000	398,645	643,527	675,920	704,023
6.0	6.0	6.0	6.0	6.0	6.0

**Town of Holly Springs, North Carolina**  
**Commercial Activity**  
**Last Ten Fiscal Years**

**Table 20**

**YEAR ENDED JUNE 30, 2022**

Calendar Year	Commercial <sup>(2)</sup>		Residential <sup>(3)</sup>		Total	
	Number	Value	Number	Value	Number	Value
2013	61	\$ 44,840,960	624	\$ 96,315,380	685	\$ 141,156,340
2014	50	28,093,044	613	90,588,744	663	118,681,788
2015	57	28,677,817	887	139,756,261	944	168,434,078
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	91,851,347	1,371	205,150,686	1,459	297,002,033
2022*	74	212,298,162	983	122,165,621	1,057	334,463,783

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

\*Partial year data

**Town of Holly Springs, North Carolina  
Community Investment Fund  
Last Ten Fiscal Years**

**Table 21**

**YEAR ENDED JUNE 30, 2022**

	<b>FY 2021</b>	<b>FY 2022</b>
<b>PayGo Capital Project Fund</b>		
Revenues		
Investment Earnings	\$ -	\$ 213
Grants and Contributions	-	165,294
Miscellaneous Revenues	19,305	10,694
Transfers-In	-	-
Capital Projects	263,663	-
General Fund	781,500	4,573,569
Street Reserves	100,000	80,000
ARPA	-	190,588
<b>Total Revenues</b>	<b>1,164,468</b>	<b>5,020,358</b>
Expenditures		
General Government	42,222	353,384
Public Safety	-	-
Public Works	70,187	86,651
Economic and Physical Development	25,000	-
Transfers-Out		
Capital Projects	-	2,006,258
ARPA	-	190,588
<b>Total Expenditures</b>	<b>137,409</b>	<b>2,636,881</b>
Revenues over/(under) Expenditures	1,027,059	2,383,477
<b>Beginning Fund Balance</b>	<b>-</b>	<b>1,027,059</b>
<b>Ending Fund Balance</b>	<b>\$ 1,027,059</b>	<b>\$ 3,410,536</b>
<b>General Government Debt Service Fund</b>		
Revenues		
Ad Valorem Taxes	\$ 7,773,854	\$ 8,420,338
Miscellaneous Revenues	-	23
Investment Earnings	11,395	18,528
Transfers-In	-	-
Capital Projects	269,316	-
General Fund	559,480	250,000
Grants & Special Revenue Fund	305,920	-
<b>Total Revenues</b>	<b>8,919,965</b>	<b>8,688,889</b>
Expenditures		
General Government	240,304	260,910
Public Safety	667,608	797,252
Public Works	584,266	2,561,116
Economic and Physical Development	507,381	1,008,450
Cultural and Recreation	2,432,282	2,133,956
<b>Total Expenditures</b>	<b>4,431,841</b>	<b>6,761,684</b>
Revenues over/(under) Expenditures	4,488,124	1,927,205
Debt Refunding		
Principal Payments	-	(9,060,000)
Refunding Bond Issued	-	8,533,381
<b>Total Debt Refunding</b>	<b>-</b>	<b>(526,619)</b>
<b>Beginning Fund Balance</b>	<b>2,593,028</b>	<b>8,164,317</b>
<b>Restatement</b>	<b>1,083,165</b>	<b>-</b>
<b>Ending Fund Balance</b>	<b>\$ 8,164,317</b>	<b>\$ 9,564,903</b>
<b>Total Community Investment Fund Balance</b>	<b>\$ 9,191,376</b>	<b>\$ 12,975,439</b>



# 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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 31, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the basic 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, as described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's basic 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*.

**Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**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.

*Cherry Bekaert LLP*

Raleigh, North Carolina  
October 31, 2022

## **Report of Independent Auditor on Compliance with Requirements Applicable for Each Major Federal Program and on Internal Control over Compliance in Accordance with 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 the 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, 2022. 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, 2022.

#### ***Basis for Opinion on the 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 the 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 program.

#### ***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 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.

### **Purpose of this Report**

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.

*Cherry Bekaert LLP*

Raleigh, North Carolina  
October 31, 2022

## **Report of Independent Auditor on Compliance with Requirements Applicable for Each Major State Program and on Internal Control over Compliance in Accordance with 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 the 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, 2022. 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, 2022.

#### ***Basis for Opinion on the 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 the 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 program.

#### ***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.

### **Purpose of this Report**

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.



Raleigh, North Carolina  
October 31, 2022



**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2022

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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?   X   yes    \_\_\_\_\_ 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

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, 2022

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**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

Non-State System Street-Aid Allocation Fund (Powell Bill)

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED JUNE 30, 2022*

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**Section II—Findings Related to the Audit of the Basic Financial Statements**

**Finding: 2022-001**

**Significant Deficiency over Payroll**

Criteria: The assignment of responsibilities should be segregated between those who can add or change payroll information and those responsible for reviewing and/or authorizing payroll payments. There should also be segregation between those who are responsible for timesheet approvals and those responsible for processing payroll. And finally, there should be segregation between those who are responsible for processing payroll and those responsible for recording payroll to the general ledger and reconciling payroll.

Condition: Key duties and functions are not segregated among Town personnel.

Context: The same person enters the personnel action from changes into the system is also the same person that process payroll and recording the payroll JE in the general ledger.

Effect: Transactions could be mishandled, due to errors or fraud that could lead to loss of assets or the reporting of misleading financial information.

Cause: Lack of segregation of duties and formal policies and procedures for these areas.

Recommendation: We recommend the Town amend the payroll policy to include how exceptions to the policy should be documented and the level of approval that is needed. We also recommend the Town continue to use alternative controls to compensate for the lack of separation until these duties be separated as much as possible. To achieve greater segregation, management should consider restructuring employee responsibilities amongst both the Finance and Human Resource departments and or by adding personnel when financially feasible.

**Section III—Federal and State 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, 2022*

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**Section V—Summary Schedule of Prior Audit Findings**

**Financial Statement Findings**

None

**Federal Award Findings and Questioned Costs**

None

**State Award Findings and Questioned Costs**

None



THE TOWN OF

*Holly Springs*

## **Corrective Action Plan**

**2022-001**

### **Significant Deficiency over Payroll**

#### **Recommendation:**

We recommend the Town amend the payroll policy to include how exceptions to the policy should be documented and the level of approval that is needed. We also recommend the Town continue to use alternative controls to compensate for the lack of separation and these duties be separated as much as possible. To achieve greater segregation, management should consider restructuring employee responsibilities amongst both the Finance and Human Resources departments and or by adding personnel when financially feasible.

#### **Managements response:**

Management agrees with the finding and plans to make the necessary corrections. Staff had already identified this concern and beginning internal conversations on how to address. This, however, was put on-hold as we experienced transition in leadership for the Human Resources department, with the retirement of their director.

A meeting was held between Finance and Human Resource on October 7, 2022 as a first-step to correcting this issue and to review all of the potential areas of concern.

Projected completion date: April 1, 2023

#### **Name of Contact Person(s):**

Sonal Mehta, Accounting and Finance Manager  
Jaime Joyner, Human Resources Director  
Antwan Morrison, Finance Director

**TOWN OF HOLLY SPRINGS, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
<b>FEDERAL GRANTS:</b>					
<b>U.S. Department of Justice</b>					
Equitable Sharing Program: Asset Forfeiture and Money Laundering	16.922	N/A	3,000	-	-
<b>Total U.S. Department of Justice</b>			<u>3,000</u>	<u>-</u>	<u>-</u>
<b>U.S. Department of Treasury</b>					
Coronavirus State and Local Fiscal Recovery - American Rescue Plan	21.019		6,086,718	-	-
Passed through NC Department of Commerce:					
Coronavirus State Fiscal Recovery Funds "SFRF"	21.019	2022-105-1257-2707	7,419,889	-	407,035
Passed through Wake County: Supply Chain Network Support - CV19 Holly Springs Farmers Market	21.019	EC7867	2,016	-	-
<b>Total U.S. Department of Treasury</b>			<u>13,508,624</u>	<u>-</u>	<u>407,035</u>
<b>U.S. Federal Highway Administration</b>					
Passed through NC Department of Transportation					
		U-5529			
		WBS 44107.1.1			
		WBS 44107.2.F1			
Avent Ferry Phase 1 (Avent Ferry Rd, Piney Grove to West Elm Ave)	20.205	WBS 44107.3.F1	765,938	-	638,092
		EB-6049			
Avent Ferry Road Sidewalk Connectors (NC55 to W. Ballentine St; Stinson Rd to Pine St)	20.205	WBS 49180.3.1	-	-	263,642
Main Street Eastbound Right Turn Lane	20.205	TBD	-	-	32,279
		U-6094			
		WBS 47899.2.1			
Holly Springs Road Widening - Phase 1 - (Main St to Flint Point Ln)	20.205	WBS 47899.3.1	-	-	350
		U-6243			
Holly Springs Road Widening - Phase 2 - (Flint Point Ln to Sunset Lake Rd)	20.205	WBS 49185.3.1	-	-	3,580,536
		C-5604JA			
		WBS 43714.1.6			
		WBS 43714.2.6			
Utiley Creek Greenway Connection	20.205	WBS 43714.3.6	-	360,772	97,304
		HL-0029			
		WBS Elements:			
NC 55 Right Turn Lane (NC55 from SR 1115 AF Road to S. Main Street)	20.205	49614.2.2/49614.3.1	-	-	25,099
<b>Total U.S. Federal Highway Administration</b>			<u>765,938</u>	<u>360,772</u>	<u>4,637,302</u>
<b>Total Federal Grants</b>			<u>14,277,562</u>	<u>360,772</u>	<u>5,044,337</u>
<b>STATE OF NORTH CAROLINA FINANCIAL ASSISTANCE</b>					
<b>N.C. Department of Transportation</b>					
Non-State System Street-Aid Allocation Fund (Powell Bill)	N/A	DOT - 4	-	1,175,310	-
Passed through N.C. General Assembly					
Fiber Network / Signal Synchronization & Traffic Flow	N/A	WBS 48461	-	86,543	-
<b>Total NC Department of Transportation</b>			<u>-</u>	<u>1,261,853</u>	<u>-</u>
<b>Total State of North Carolina Financial Assistance</b>			<u>-</u>	<u>1,261,853</u>	<u>-</u>
<b>Total Federal &amp; State of North Carolina Financial Assistance</b>			<u>\$ 14,277,562</u>	<u>\$ 1,622,625</u>	<u>\$ 5,044,337</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards

**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 the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. 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 not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 3: Indirect Cost Rate**

The town did not incur any passed-through subrecipient expenditures during the fiscal year ended June 30, 2022.



Prepared by the Town of Holly Springs Finance Department



**Back Cover**