



Agenda

1. Call to Order
2. Pledge of Allegiance
3. Invocation
4. Adjustment and approval of December 6, 2022 meeting agenda

PUBLIC COMMENT PERIOD

Notes on the Public Comment Period - Each speaker may speak up to 3 minutes, and the total comment period will be 15 minutes or less. Citizens should sign up with the Town Clerk to speak prior to the start of the meeting. Although the Council is interested in hearing your concerns, speakers should not expect Council action or deliberation on subject matter brought up during the Public Comment segment. Topics requiring further investigation will be referred to the appropriate town officials or staff and may be scheduled for a future agenda. Thank you for your consideration of the Town Council, staff, and other speakers.

RECOGNITIONS

5. Colla Voce Choir from Holly Springs High School

REQUESTS AND COMMUNICATIONS

6. Presentation of the fiscal year ended June 30, 2022 Annual Comprehensive Financial Report (ACFR)
7. Holly Springs Police Department Annual Report
8. Holiday Happenings and Events Update

CONSENT AGENDA

9. Approve the minutes of the October 18, 2022 and November 1, 2022 business meetings and the November 8, 2022 workshop meeting.
10. Quarterly Budget Amendments
11. Position Reclassification of Public Works Concrete Crew Leader to Fleet Technician
12. Retirement of LEO Service Weapon, Badge, and K-9 to Sgt. Denton
13. Retirement of LEO Service Weapon, and Badge to Sergeant Gledhill
14. Fujifilm Diosynth Biotechnologies Company Performance Agreement

NEW BUSINESS

15. Amendments to Animal Control Ordinance
16. Adopt Calendar Year 2023 Town Council Meeting Schedule

OTHER BUSINESS

MANAGER'S REPORT

CLOSED SESSION -

ADJOURNMENT

In accordance with ADA regulations please contact the Town Clerk's office at least 48 hours before the meeting to

request an auxiliary aid or service needed to participate in this meeting:
linda.mckinney@hollyspringsnc.gov 919-557-3900



Holly Springs Town Council

Town Council Meeting Agenda Cover Sheet

Agenda Item#: 5.

Recognitions

Title: Colla Voce Choir from Holly Springs High School

Strategic Priority Area: Safe & Friendly

Staff Resource: Linda McKinney, Town Clerk

Action(s):

No action required

Explanation:

The Colla Voce choir from Holly Springs High School, under the direction of Jenny Patchett, will sing the National Anthem and one other selection.

Background:

Funding Source(s):

N/A

Attachment(s):

None



Holly Springs Town Council

Town Council Meeting Agenda Cover Sheet

Agenda Item#: 6.

Requests & Communications

Title: Presentation of the fiscal year ended June 30, 2022 Annual Comprehensive Financial Report (ACFR)

Strategic Priority Area: Organizational Excellence

Staff Resource: Antwan Morrison, Finance

Action(s):

Receive the Fiscal Year Ended June 30, 2022 financial audit report from the external auditors.

Explanation:

- Cherry Bekaert, the Town of Holly Springs' external auditor, will present the audited financial report and management letter for the fiscal year from July 1, 2021 through June 30, 2022.
- During the meeting, the auditors will share all relevant information, including but not limited to the expressed audit opinion, concerns, recommendations, as well as the financial performance of the town for the fiscal year of 2021-2022.

Background:

- According to North Carolina General Statute 159-34, each local government and public authority shall have its accounts audited as soon as possible after the close of each fiscal year by a certified public accountant or by an accountant certified by the Commission as qualified to audit local government accounts.
- It is the auditor's responsibility to express opinions on these financial statements based on the audit.
- The Government Auditing Standards require that they plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.
- The audit shall evaluate the performance of a unit of local government with regard to compliance with applicable federal and State agency regulations.

Funding Source(s):

N/A

Attachment(s):

1. ACFR 2022 - FINAL COPY
2. Town of Holly Springs 6-30-22 Audit Report - client



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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TOWN OF HOLLY SPRINGS, NORTH CAROLINA

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INTRODUCTORY SECTION



Prepared by the Town of Holly Springs Finance Department



THE TOWN OF

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

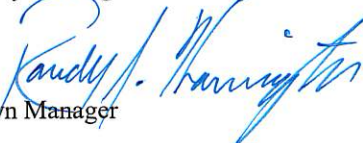
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Holly Springs for its comprehensive annual financial report for the fiscal year ended June 30, 2020, for a 16th consecutive year. Due to delays at the national 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 17th 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 2nd 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



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

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

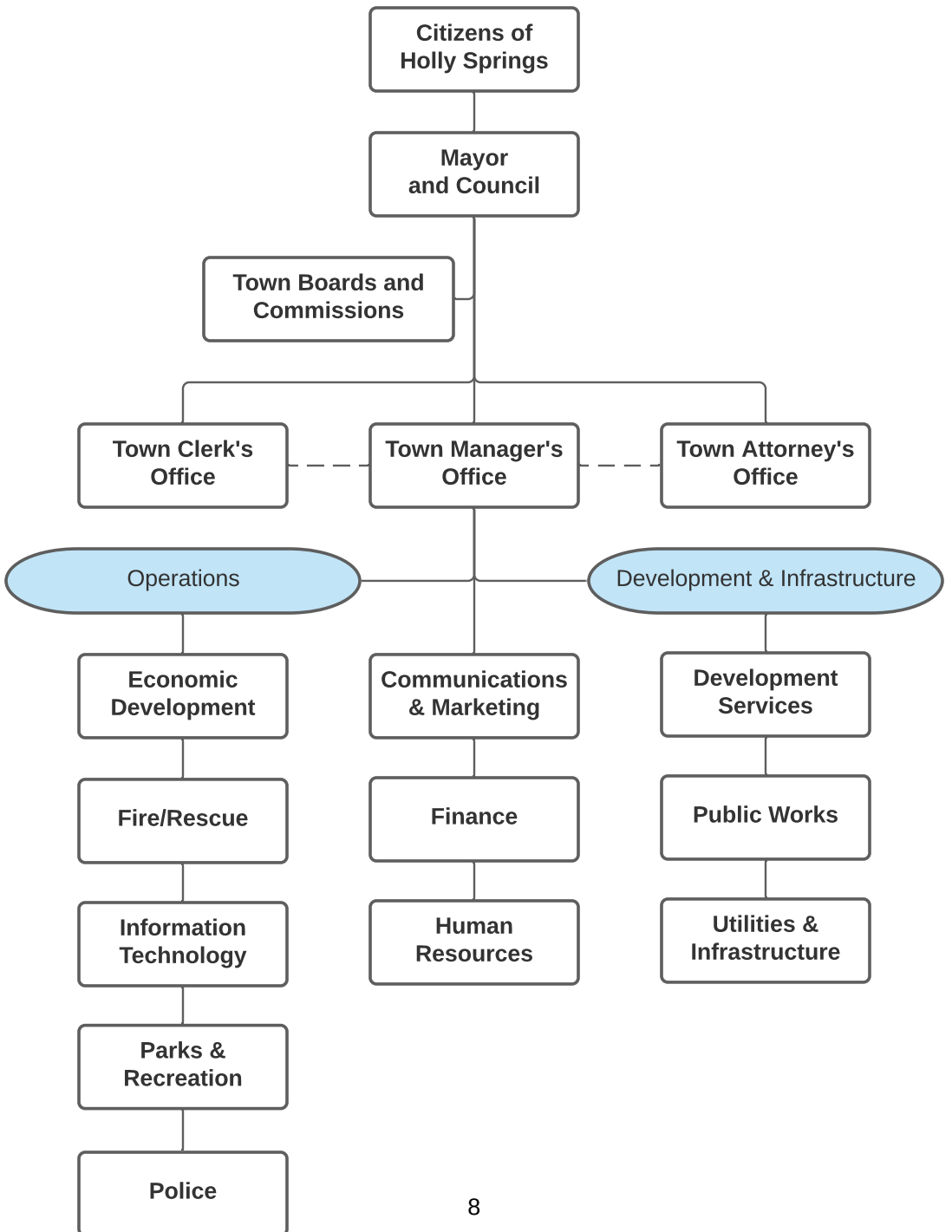
Antwan Morrison

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

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

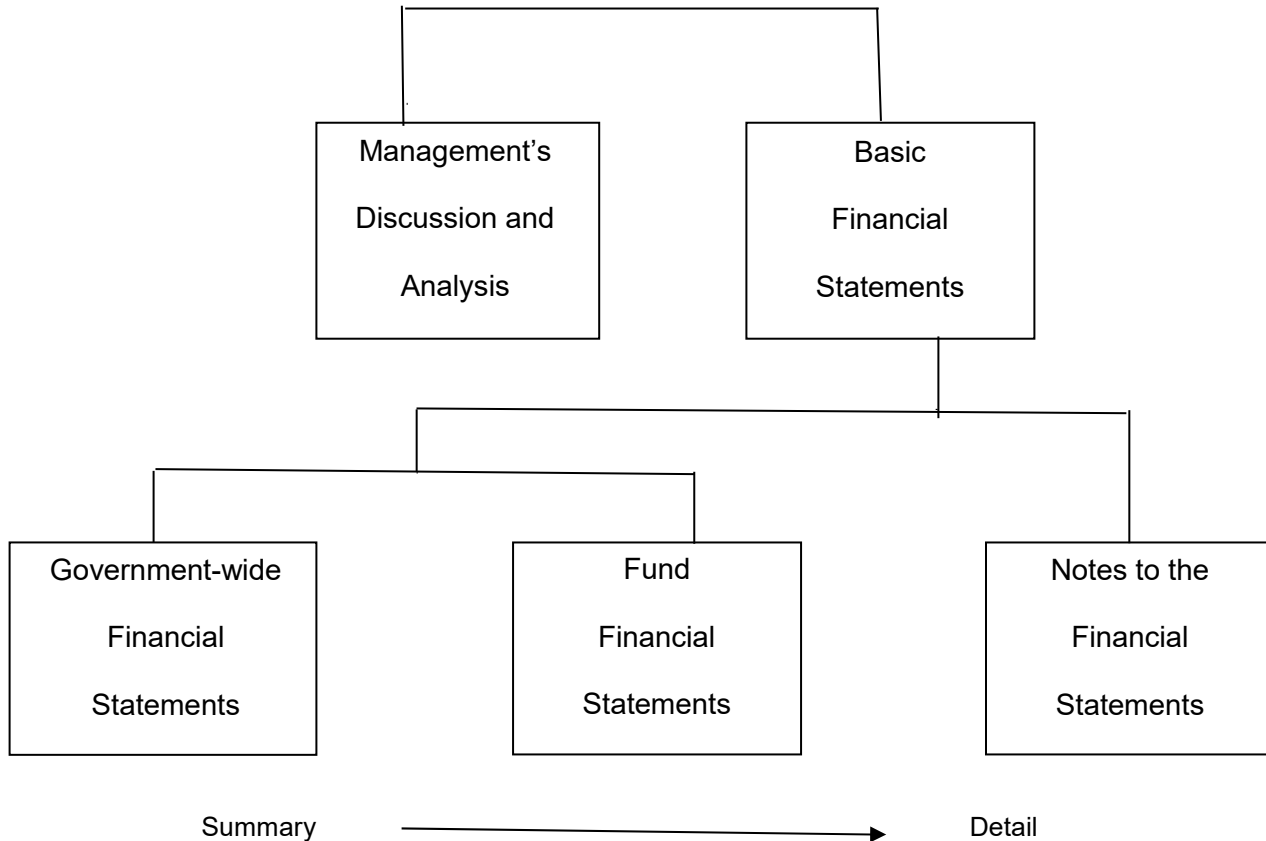
This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The 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

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

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
Total assets	268,702,227	263,583,660	204,063,721	184,655,450	472,765,948	448,239,110
Deferred outflows of resources	7,661,179	6,346,676	1,327,001	1,165,562	8,988,180	7,512,238
Total assets and deferred outflows of resources	276,363,406	269,930,336	205,390,722	185,821,012	481,754,128	455,751,348
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
Total liabilities	107,015,729	111,703,078	46,768,984	42,688,030	153,784,713	154,391,108
Deferred inflows of resources	7,187,118	350,958	1,728,692	44,948	8,915,810	395,906
Total liabilities and deferred inflows of resources	114,202,847	112,054,036	48,497,676	42,732,978	162,700,523	154,787,014
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
Total net position	\$ 162,160,559	\$ 157,876,300	\$ 168,120,712	\$ 143,088,034	\$ 330,281,271	\$ 300,964,334

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

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

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 fund 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

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

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.

STATEMENT OF NET POSITION

JUNE 30, 2022

	Governmental	Business-type	
	Activities	Activities	Total
Assets			
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
Total Assets	268,702,227	215,291,387	483,993,614
Deferred Outflows of Resources			
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
Total Deferred Outflows of Resources	7,661,179	1,327,001	8,988,180
Liabilities			
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
Long-Term Liabilities:			
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
Total Liabilities	107,015,729	46,768,984	153,784,713
Deferred Inflows of Resources			
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
Total Deferred Inflows of Resources	7,187,118	1,728,692	8,915,810
Net Position			
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
Total Net Position	\$ 162,160,559	\$ 168,120,712	\$ 330,281,271

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	67,164,714	10,482,158	1,596,014	9,863,429	(45,223,113)	-	(45,223,113)
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	19,427,413	24,370,218	27,047	3,018,954	-	7,988,806	7,988,806
Total	\$ 86,592,127	\$ 34,852,376	\$ 1,623,061	\$ 12,882,383	(45,223,113)	7,988,806	(37,234,307)
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					48,590,322	17,960,922	66,551,244
Transfers					917,050	(917,050)	-
Total general revenues and transfers					49,507,372	17,043,872	66,551,244
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					\$ 162,160,559	\$ 168,120,712	\$ 330,281,271

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
Assets						
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
Total Assets	\$ 37,976,970	\$ 9,587,140	\$ 29,398,447	\$ 21,523,172	\$ 3,010,740	\$ 101,496,469
Liabilities						
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
Total Liabilities	6,010,889	-	2,189,597	333,167	18,691	8,552,344
Deferred Inflow of Resources						
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
Fund Balances						
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
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 37,976,970	\$ 9,587,140	\$ 29,398,447	\$ 21,523,172	\$ 3,010,740	\$ 101,496,469

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 - LEOSA		1,043,739
Deferred inflows/outflows of resources related to pensions are not reported in the funds - LGERS		415,706
Deferred inflows/outflows of resources related to pensions are not reported in the funds - Other postemployment benefits		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

			Street &		Parks &	Other	
		Debt Service	Sidewalk	Business	Rereation	Nonmajor	Total
	General	Fund	Projects Fund	Park	Projects Fund	Funds	Governmental
							Funds
Revenues:							
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
Expenditures:							
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)
Other financing sources (uses):							
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)
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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	<u>\$ 4,284,259</u>
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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)
Revenues:				
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
Expenditures:				
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
Other financing sources (uses):				
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)
Net change in fund balance	<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
Assets				
Current assets:				
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
Noncurrent assets:				
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
Deferred Outflows of Resources:				
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
Liabilities				
Current liabilities:				
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
Noncurrent liabilities:				
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
Deferred Inflows of Resources				
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
Net Position				
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
Operating revenues:				
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
Operating expenses:				
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
Nonoperating revenues (expenses):				
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
Cash flows from operating activities:				
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
Cash flows from noncapital financing activities:				
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)
Cash flows from capital and related financing activities:				
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
Cash flows from investing activities:				
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
Cash and cash equivalents:				
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

	Utility Fund	System Development Fee Fund	Stormwater Management Fund	Totals
Reconciliation of operating income to net cash provided by operating activities:				
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>
Noncash investing, capital, and financial activities				
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

**OPEB Trust
Fund**

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*

	<u>OPEB Trust Fund</u>
ADDITIONS:	
Employer contributions	\$ 87,147
Investment income	(100,757)
Total additions	<u>(13,610)</u>
DEDUCTIONS:	
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

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

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

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

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

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

Total Governmental Activities	47,365,084
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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

Utility Debt Service Fund	3,926,130
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Stormwater Fund

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

Total Business-Type Activities	9,688,900
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Total Restricted Cash	\$ 57,053,984
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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)

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 6th. 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 30th 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

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

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

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

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
Totals		<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

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
Capital assets not being depreciated:					
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
Capital assets being depreciated:					
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
Less Accumulated Depreciation and Amortization for:					
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
Governmental activity capital assets, net	<u>\$ 153,972,227</u>				<u>\$ 167,205,758</u>

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
UTILITY:					
Capital assets not being depreciated:					
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
Capital assets being depreciated and amortized:					
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
Less Accumulated Depreciation and Amortization for:					
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
STORMWATER:					
Capital assets being depreciated:					
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
Less Accumulated Depreciation for:					
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
Business-Type Activities Capital Assets, Net	\$ 123,777,505				\$ 133,323,235

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.

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

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)

	Deferred Outflows of Resources	Deferred Inflows of Resources
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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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:

	1 % Decrease (5.5%)	Discount Rate (6.5%)	1 % Increase (7.5%)
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	<u>66</u>
	<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.

	Deferred Outflows of Resources	Deferred Inflows of Resources
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:

Year ended June 30:	
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:

	1 % Decrease (1.25%)	Discount Rate (2.25%)	1 % Increase (3.25%)
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

	2022
Beginning Balance	\$ 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	-
Net changes	356,560
Ending balance of the total pension liability	\$ 3,461,719

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:

Years of Service at Retirement	Percent of Premium Paid by the Town
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	<u>340</u>

Investments

Investment Policy. The OPEB Trust Plan’s policy in regard to the allocation of invested assets is established and may be amended by the Town Council by a majority vote of its members. Investments are valued at fair value. The Plan’s asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%)
Net OPEB liability	\$ 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
Net OPEB liability	\$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

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 st 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 1st 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 1st 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 1st 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

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 th , 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>\$ 7,954,511</u>
Debt service, principal and interest paid (revenue bond only)	<u>\$ 1,686,406</u>
Debt service coverage ratio	<u>472%</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
Governmental Activities:					
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
Business-Type Activities:					
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:

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

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*

	<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
Total OPEB Liability					
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>
Plan Fiduciary Net Position					
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>
Net OPEB Liability	\$ 5,297,690	\$ 5,195,596	\$ 4,720,436	\$ 3,503,743	\$ 3,305,621
Plan Fiduciary Net Position as percentage of total OPEB Liability	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
Net OPEB liability as a percentage of Covered-employee payroll	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 OF TOWN CONTRIBUTIONS AND
SCHEDULE OF INVESTMENT RETURNS - OPEB TRUST PLAN
LAST THREE FISCAL YEARS

SCHEDULE 4

JUNE 30, 2022

	2022	2021	2020
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

	2022	2021	2020
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		Variance	2021
	Budget	Actual	Positive (Negative)	Actual
Revenues:				
Ad valorem taxes:				
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
Other taxes and licenses:				
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
Unrestricted intergovernmental:				
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
Restricted intergovernmental:				
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
Permits and fees:				
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
Sales and services:				
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
Miscellaneous:				
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
Investment earnings	80,000	37,068	(42,932)	70,468
Total revenues	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
General government:				
Central Services:				
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
Administration:				
Town Manager's Office				
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
Human Resources				
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
Town Attorney				
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
Town Clerk (includes Town Council)				
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
Communications:				
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
Finance:				
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
Information Technology				
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
Total general government	7,794,260	6,897,902	896,358	5,573,444
Economic and physical development:				
Development Services				
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
Economic Development				
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
Utility & Infrastructure				
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
Total economic and physical development	4,958,433	4,045,511	912,922	3,929,110
Public safety:				
Police:				
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
Fire:				
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
Total public safety	16,480,199	15,444,873	1,035,326	13,503,384
Public Works				
Fleet Maintenance				
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
Streets:				
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
Solid Waste				
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
Public Facilities				
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
Total public works	9,456,499	7,362,058	2,094,441	6,328,139
Cultural and recreational:				
Parks and recreation:				
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
Total cultural and recreational	5,692,602	5,101,949	590,653	4,491,992
Total expenditures	44,381,993	38,852,293	5,529,700	33,826,069
Revenues under expenditures	(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
Other financing sources (uses):				
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)	-
Total other financing sources (uses)	<u>1,249,309</u>	<u>(4,705,038)</u>	<u>(5,954,347)</u>	<u>(996,217)</u>
Net change in fund balance	<u>\$ -</u>	<u>2,295,582</u>	<u>\$ 2,295,582</u>	<u>7,990,687</u>
Fund balance - Beginning of year		22,889,019		21,736,491
Fund balance - Restatement of beginning of year		-		(6,838,159)
Fund balance - End of year		<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
Revenues:				
Ad valorem taxes:				
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
Miscellaneous:				
Miscellaneous revenue	-	23	23	-
Total	-	23	23	-
Investment earnings	7,000	18,528	11,528	11,395
Total revenues	8,128,373	8,438,889	310,516	7,785,249
Expenditures:				
Operating expenditures:	85,000	101,674	(16,674)	77,961
Debt service:				
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
Total debt service	7,923,475	6,660,009	1,263,466	4,353,881
Total expenditures	8,008,475	6,761,683	1,246,792	4,431,842
Revenues under expenditures	119,898	1,677,206	1,557,308	3,353,407
Other financing sources (uses):				
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	-
Total other financing sources (uses)	(119,898)	250,000	369,898	1,134,716
Net change in fund balance	-	1,927,206	1,927,206	4,488,123
Debt refunding:				
Principal payments	-	(9,060,000)	(9,060,000)	-
Refunding bonds issued	-	8,533,381	8,533,381	-
Total	\$ -	\$(526,619)	\$ 1,400,587	-
Fund balance - Beginning of year		8,164,316		2,593,028
Prior period adjustment		-		1,083,165
Fund balance - Beginning of year, restated		8,164,316		3,676,193
Fund balance - End of year		\$ 9,564,903		\$ 8,164,316

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)*

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

	2022			2021
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Miscellaneous:				
Miscellaneous revenue	\$ -	\$ 25,000	\$ 25,000	\$ -
Total	-	25,000	25,000	-
Investment earnings	-	627	627	755
Total revenues	-	25,627	25,627	755
Expenditures:				
Total expenditures	-	-	-	-
Revenues under expenditures	-	25,627	25,627	755
Net change in fund balance	<u>\$ -</u>	<u>25,627</u>	<u>\$ 25,627</u>	<u>755</u>
Fund balance - Beginning of year		<u>318,891</u>		<u>318,136</u>
Fund balance - End of year		<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*

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
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
Expenditures:				
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)
Other financing sources:				
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
Fund balances:				
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	Prior	Current	Closed	Total to
	Authorization	Years	Year	Projects	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			Total to Date
		Prior Years	Current Year	Closed Projects	
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)
Other financing sources (uses):					
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
Fund balances:					
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

	Project Authorization	Actual			Total to Date
		Prior Years	Current Year	Project Closeouts	
Revenues:					
Investment earnings	\$ -	\$ 23,935	\$ -	\$ (23,935)	\$ -
Total revenues	-	23,935	-	(23,935)	-
Expenditures:					
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)
Other financing sources (uses):					
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)	\$ -	\$ -
Fund balances:					
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	
Revenues:						
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	
Expenditures:						
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)
Other financing sources:					
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
Fund balances:					
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
Revenues:					
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
Other financing sources (uses):					
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
Fund balances:					
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		
Assets						
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
Total assets	\$ 967,013	\$ 967,013	\$ 881,516	\$ 1,162,211	\$ 2,043,727	\$ 3,010,740
Liabilities						
Accounts payable	\$ 18,188	\$ 18,188	\$ -	\$ 503	\$ 503	\$ 18,691
Total liabilities	18,188	18,188	-	503	503	18,691
Fund balances:						
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
Total fund balances	948,825	948,825	881,516	1,161,708	2,043,224	2,992,049
Total liabilities, deferred inflows and fund balances	\$ 967,013	\$ 967,013	\$ 881,516	\$ 1,162,211	\$ 2,043,727	\$ 3,010,740

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 &</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>
Revenues:						
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
Expenditures:						
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)
Other financing sources (uses):						
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
Fund balances:						
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)*

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

	Actual				
	Project Authorization	Prior Years	Current Year	Project Closeout	Total to Date
Revenues:					
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
Expenditures:					
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
Other financing sources:					
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
Fund balances:					
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
Revenues:				
Operating revenues:				
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
Nonoperating revenues:				
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
Expenditures:				
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
Other financing sources (uses):				
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)	<u>(1,265,338)</u>	<u>(3,375,000)</u>	<u>(2,109,662)</u>	<u>(6,343,360)</u>
Revenues over expenditures and other financing uses	<u>\$ -</u>	<u>548,166</u>	<u>\$ 548,166</u>	<u>1,012,787</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
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		<u>12,129,434</u>		<u>4,928,552</u>
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		<u>11,999,809</u>		<u>4,145,514</u>
Net income - GAAP		<u>\$ 24,677,409</u>		<u>\$ 10,086,853</u>

*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)

	2022			2021
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ -	\$ 6,363	\$ 6,363	\$ 4,836
Total revenues	-	6,363	6,363	4,836
Expenditures:				
Operating expenditures	91,000	83,859	7,141	46,000
Debt service:				
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
Total debt service	4,194,429	3,658,251	536,178	4,296,615
Total expenditures	4,285,429	3,742,110	543,319	4,342,615
Revenues under expenditures	(4,285,429)	(3,735,747)	549,682	(4,337,779)
Other financing sources (uses):				
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	-
Total other financing sources (uses)	4,285,429	4,085,346	(200,083)	4,278,419
Net change in fund balance	-	349,599	349,599	(59,360)
Debt refunding:				
Principal payments	-	(8,590,000)	(8,590,000)	-
Refunding bonds issued	-	8,304,387	8,304,387	-
	\$ -	63,986	\$ 63,986	
Fund balance - Beginning of year		3,862,143		3,921,503
Fund balance - End of year		\$ 3,926,129		\$ 3,862,143

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
Revenues:					
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
Expenditures:					
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
Other financing sources:					
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
Fund balances:					
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

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
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>
Other financing sources (uses):					
Transfers in	1,368,500	178,783	1,009,718	-	\$ 1,188,501
Transfers (out)	(10,535,383)	(65,000)	(3,026,768)	65,000	(3,026,768)
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>
Fund balances:					
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
Revenues:					
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
Other financing sources (uses):					
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
Fund balances:					
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
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses:					
Operating	420,000	-	-	-	-
Capital outlay	1,457,000	-	-	-	-
	1,877,000	-	-	-	-
Other financing sources (uses):					
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
Fund balances:					
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
Revenues:					
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>
Other financing sources (uses):					
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>
Fund balances:					
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
Revenues:				
Operating revenues:				
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
Nonoperating revenues:				
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
Expenditures:				
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
Other financing sources (uses):				
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
Reconciliation from budgetary basis			
(modified accrual) to full accrual:			
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
Revenues:					
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>
Other financing sources (uses):					
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>
Fund balances:					
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 \$ 29,061,061

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

	2013	2014	2015	2016
Expenses:				
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>
Program Revenues:				
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
14,196,173	14,461,437	17,925,235	20,393,847	16,467,071	19,427,413
<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
11,209,180	2,572,952	4,753,170	2,790,940	5,396,694	3,018,954
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

	2013	2014	2015	2016
General Revenue and Other Changes in Net Position				
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>
Change in Net Position				
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

Fiscal Year	Property Tax Levy ⁽¹⁾	Tax Rate
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:

⁽¹⁾ 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
General Fund										
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>
All Other Governmental Funds:										
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
Revenues:										
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
Expenditures:										
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)
Other Financing Sources (Uses):										
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 ⁽²⁾	Value ⁽¹⁾
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:

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

⁽²⁾ Rate per \$100 of assessed valuation.

⁽³⁾ 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

Fiscal Year	Town of Holly Springs	Wake County	Combined Tax Rate Per \$100 of Assessed Value
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:

⁽¹⁾ 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 ⁽¹⁾	\$ 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.

⁽¹⁾ 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

Fiscal Year	Tax Levy	Current Tax Collections	Percent of Taxes Collected	Subsequent Delinquent Tax Collections ⁽¹⁾	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
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:

⁽¹⁾ 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 ⁽¹⁾	Per Capita ⁽²⁾
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 ⁽³⁾	9,419,923 ⁽⁴⁾	33,654,622	8,289,582 ⁽⁶⁾	10,560,492 ⁽⁵⁾	11,954,565	115,124,738	1.7%	2,437

Notes:

⁽¹⁾ Total primary government debt divided by assessed valuation.

⁽²⁾ Total primary government debt divided by total population.

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

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

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

⁽⁶⁾ 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

Fiscal Year	General Obligation Bonds ⁽¹⁾	Percentage of Assessed Property Value	Per Capita ⁽²⁾
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.

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

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

⁽¹⁾ Amount represents General Obligation Debt of Wake County, North Carolina. The Town is a Municipal Government within Wake County.

⁽²⁾ Allocated based on assessed valuation.

⁽³⁾ Includes all governmental general obligation and installment financing debt.

⁽⁴⁾ 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%

⁽¹⁾ 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 ⁽¹⁾	Operating Revenues ⁽²⁾	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%

⁽¹⁾ Includes water and sewer charges and tap fees.

⁽²⁾ 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 ⁽¹⁾	Population ⁽²⁾	(thousands) ⁽³⁾	Income ⁽⁴⁾	Age ⁽⁵⁾	Enrollment ⁽⁶⁾	Rate ⁽⁷⁾
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%

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

⁽²⁾ Source - Wake County. 2021 data is not yet available.

⁽³⁾ 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.

⁽⁴⁾ 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.

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

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

⁽⁷⁾ 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

	2022		2013	
Employer	Employees	Rank	Employees	Rank
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

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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
Total	237	231	239	263	261	283	319	341	347	385

*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

Function	2013	2014	2015	2016
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 ⁽³⁾	0
2,808	3,029	3,029	4,602	N/A ⁽³⁾	1,309
150 ⁽¹⁾	240	240	170	N/A ⁽³⁾	2,410
1,072	996	1,135	1,279	1,459	1057 ⁽⁴⁾
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	- ⁽²⁾	846
105	100	97	-	47	85
144	120	120	120	- ⁽²⁾	- ⁽²⁾
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

Function	2013	2014	2015	2016
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 ⁽²⁾		Residential ⁽³⁾		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

	FY 2021	FY 2022
PayGo Capital Project Fund		
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
Total Revenues	1,164,468	5,020,358
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
Total Expenditures	137,409	2,636,881
Revenues over/(under) Expenditures	1,027,059	2,383,477
Beginning Fund Balance	-	1,027,059
Ending Fund Balance	\$ 1,027,059	\$ 3,410,536
General Government Debt Service Fund		
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	-
Total Revenues	8,919,965	8,688,889
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
Total Expenditures	4,431,841	6,761,684
Revenues over/(under) Expenditures	4,488,124	1,927,205
Debt Refunding		
Principal Payments	-	(9,060,000)
Refunding Bond Issued	-	8,533,381
Total Debt Refunding	-	(526,619)
Beginning Fund Balance	2,593,028	8,164,317
Restatement	1,083,165	-
Ending Fund Balance	\$ 8,164,317	\$ 9,564,903
Total Community Investment Fund Balance	\$ 9,191,376	\$ 12,975,439

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.

Cherry Bekaert LLP

Raleigh, North Carolina
October 31, 2022

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

YEAR ENDED JUNE 30, 2022

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 ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☒ yes ☐ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported
- Noncompliance material to federal awards noted? ☐ yes ☒ 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 ☒ 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?

☒ yes ☐ no

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

YEAR ENDED JUNE 30, 2022

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

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

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
FEDERAL GRANTS:					
U.S. Department of Justice					
Equitable Sharing Program: Asset Forfeiture and Money Laundering	16.922	N/A	3,000	-	-
Total U.S. Department of Justice			3,000	-	-
U.S. Department of Treasury					
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	-	-
Total U.S. Department of Treasury			13,508,624	-	407,035
U.S. Federal Highway Administration					
Passed through NC Department of Transportation					
		U-5529 WBS 44107.1.1 WBS 44107.2.F1 WBS 44107.3.F1			
Avent Ferry Phase 1 (Avent Ferry Rd, Piney Grove to West Elm Ave)	20.205	EB-6049	765,938	-	638,092
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 WBS 47899.3.1			
Holly Springs Road Widening - Phase 1 - (Main St to Flint Point Ln)	20.205	U-6243	-	-	350
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 WBS 43714.3.6			
Uitley Creek Greenway Connection	20.205	HL-0029	-	360,772	97,304
		WBS Elements: 49614.2.2/49614.3.1			
NC 55 Right Turn Lane (NC55 from SR 1115 AF Road to S. Main Street)	20.205		-	-	25,099
Total U.S. Federal Highway Administration			765,938	360,772	4,637,302
Total Federal Grants			14,277,562	360,772	5,044,337
STATE OF NORTH CAROLINA FINANCIAL ASSISTANCE					
N.C. Department of Transportation					
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	-
Total NC Department of Transportation			-	1,261,853	-
Total State of North Carolina Financial Assistance			-	1,261,853	-
Total Federal & State of North Carolina Financial Assistance			\$ 14,277,562	\$ 1,622,625	\$ 5,044,337

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

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



Holly Springs Town Council

Town Council Meeting Agenda Cover Sheet

Agenda Item#: 7.

Requests & Communications

Title: Holly Springs Police Department Annual Report

Strategic Priority Area: Safe & Friendly
Organizational Excellence

Staff Resource: Paul Liquorie, Police Chief

Action(s):

Receive Police Department's 2021 Annual Report

Explanation:

- The intent of the Holly Springs Police Department's (HSPD) Annual Report is to provide an overview of the Town's crime statistics and the police department's activities for policy makers and administrators who govern Holly Springs and the residents who live and work here.
- The police command staff is also dedicated to analyzing and evaluating this data to ensure the best use of the department's resources for professional, equitable, and efficient policing.
- The men and women who comprise the outstanding HSPD are committed to providing the highest quality of service to ensure the safety, security, and well-being of residents, businesses, and visitors of Holly Springs.

Background:

- The reportable period examined encompasses the time span between October 1 of the preceding year through September 30 of the current year.
- The format of this off-set calendar year follows the Federal Bureau of Investigations (FBI) annual crime reporting period.
- The Holly Springs Police Department's Annual Report gives a broad overview of the agency's structure, advancements, challenges, and current operations.
- The officers, telecommunicators and support staff that make up the department remain committed to providing exceptional community service, while maintaining Holly Springs as one of the safest towns in North Carolina.

Funding Source(s):

N/A

Attachment(s):

None



Holly Springs Town Council

Town Council Meeting Agenda Cover Sheet

Agenda Item#: 8.

Requests & Communications

Title: Holiday Happenings and Events Update

Strategic Priority Area: Engaged, Healthy, & Active Community

Staff Resource: LeeAnn Plumer, Parks & Recreation

Action(s):

No action requested. For information only.

Explanation:

- The town prides itself on community events to celebrate the holiday season. A variety of events are planned for the community to enjoy, including:
 - **Santa's Mailbox**, located outside of Town Hall, is accepting letters from children through December 11th. This is a partnership program with Holly Springs Run Club and Endurance Fence Solutions
 - **Holly Day Express**, Santa will be escorted to area neighborhoods by the HS Fire Department through December 18th
 - **Happy Holly Days Parade** will be marching down Main St. on December 10th at 10am
 - **Santa Cares** (visits with Santa) will be open for special needs individuals and families on December 13 at the HS Cultural Center
 - Other ways to share holiday joy with **various toy and clothing drives**; Details about donation requirements can be found in the Town Hall Lobby, the HS Law Enforcement Center Lobby and at Fire Stations 1 & 2
- Additional information about all the holiday happenings and events can be found on the Town of Holly Springs website.
- Staff will share highlights of what the Mayor & Council and residents can look forward to over the holiday period.

Background:

- With the winter holidays just around the corner, opportunities to give back and celebrate the season abound in the Town of Holly Springs.
- Several events have already taken place to kick off the season, including the Tree Lighting (Dec 1) with Mayor Mayefskie and WinterFest with the Tree Trail at Ting Park (Dec 3 & 4), sponsored by the HS Chamber of Commerce.

Funding Source(s):

N/A

Attachment(s):

None



Holly Springs Town Council

Town Council Meeting Agenda Cover Sheet

Agenda Item#: 9.

Consent Agenda

Title: Approve the minutes of the October 18, 2022 and November 1, 2022 business meetings and the November 8, 2022 workshop meeting.

Strategic Priority Area: Organizational Excellence

Staff Resource: Linda McKinney, Town Clerk

Action(s):

Approve the minutes of the Council's business meetings held October 18, 2022 and November 1, 2022, and the workshop meeting held November 8, 2022.

Explanation:

- Minutes in draft form are attached for the Council's review.
- If there are any corrections, please notify the Town Clerk in advance of Tuesday night's meeting so that corrected versions of the draft minutes can be circulated for review before adoption of the Consent Agenda.

Background:

Funding Source(s):

N/A

Attachment(s):

1. 10.18.22 minutes-DRAFT
2. 11.1.22 minutes -DRAFT
3. 11.8.22 workshop minutes-DRAFT



MINUTES

The Holly Springs Town Council met in regular session on Tuesday, October 18, 2022. Mayor Mayefskie presided, calling the meeting to order at 7 p.m. A quorum was established as the Mayor and three Council members were present in the Chamber as the meeting opened.

Council Members Present: Mayor Mayefskie, Council members Aaron Wolff, Timothy Forrest, and Kristi Bennett.

Council Members Absent: Mayor Pro Tem Dan Berry, Council member Shaun McGrath.

Staff Members Present in Chambers: Daniel Weeks, *Assistant Town Manager*; Scott Chase, *Assistant Town Manager*; John Schifano, *Town Attorney*; Linda McKinney, *Town Clerk* (recording the minutes); Mathew Mutter, *IT*; Corey Petersohn, *Budget and Sustainability*; Chris Hills, *Director, Development Services*; Elizabeth Goodson, *Development Services*; Cheryl Caines, *Development Services*; Bronwyn Redus, *Development Services*; Rachel Jones, *Development Services*; Catherine Jacobs, *Development Services*; LeeAnn Plummer, *Director, Parks and Recreation*; Matt Beard, *Parks and Recreation*; Aaron Levitt, *Utilities and Infrastructure*; Seann Byrd, *Utilities and Infrastructure*; Kimberly Keyes, *Utilities and Infrastructure*; LeRoy Smith, *Fire Chief*; Cassie Hack, *Director, Communications & Marketing*; Antwan Morrison, *Director, Finance*; Brent Quick, *Purchasing Manager*; Irena Krstanovic, *Director, Economic Development*; Jaime Joyner, *Director, Human Resources*; Paige Scott, *Director, Public Works*; Paul Liquorie, *Police Chief*; Kathy White, *Deputy Clerk*.

2. and 3. The Pledge of Allegiance was recited followed by an invocation by the Reverend LaVerne Cofield, of Holly Springs United Church of Christ.

4. Agenda Adjustment: The October 18, 2022 meeting agenda was adopted with changes, if any, as listed: none.

Motion: Wolff

Second: Forrest

Vote: Unanimous

Public Comment: At this time, an opportunity was provided for members of the audience who had registered to speak to address the Council, and the Clerk was asked for any written comments received prior to the meeting.

The following public comments were received in writing: one comment expressing concern about investors buying up properties; one comment regarding a senior center; and one comment about a Town Motto.

The following comments were received in person:

Linda Hewitt said she continued to be dismayed that no action has been taken on the Nondiscrimination Ordinance (NDO). She said that Holly Springs is in a tiny minority of towns in the County who have not done anything. She fears that as businesses, developers, and new residents look at Holly Springs, and we are going to become known as “the town that didn’t pass the NDO” She listed the protections the NDO offers, and said that all of us belong to one or more of those

categories, or have a family member, friend or colleague who does. It has been said that “Actions speak louder than words” but inaction speaks extremely loudly. It says that Council will govern for some of the people, but not all of them. When one group’s rights are taken away, the chances increase that it will happen to others of us. She asked if any council member had spoken to any other towns to see how their process went and whether any problems were discovered. She said that would at least show a good faith effort.

RECOGNITIONS

5. Breast Cancer Awareness Month Proclamation

Mayor Mayefskie proclaimed October as Breast Cancer Awareness month in Holly Springs and presented the proclamation to Marge Morena, founder of Marge “Madness” for 3D Mammograms.

Consent Agenda

The Council passed a motion to approve all items on the Consent Agenda. The motion carried following a motion by Council Member Wolff, a second by Council member Forrest and a unanimous vote. The following actions were affected:

6. Minutes – Council approved the minutes of the October 4, 2022 business meeting.

7. Utle Creek Water Reclamation Facility Dewatering Press Upgrade – The Council authorized the Town Manager to approve the purchase of equipment in the amount of \$234,500 to increase biosolids dewatering capacity at the Utle Creek Water Reclamation facility (UCWRF) and authorized him to approve any change orders or additional contracts that are necessary for the dewatering project at the UCWRF that are within the Town Council approved project budget.

8. Ting Stadium Concrete Repair Project – The Council approved a change order from Baker Restoration to replace the concrete slab at Ting Stadium concourse area and authorized the Town Manager to approve any appropriate and necessary change orders within the approved project budget and Council actions.

9. Purchasing Policy Update – The Council approved updates to the Town Procurement Policy, effective October 1, 2022.

A copy of the policy is attached to these minutes.

10. Personnel Policy Revisions – Merit Pay Process – The Council approved amendments to Article III, Section 5 Merit Pay of the Personnel Policy, clarifying when employees receive merit pay increases.

A copy of the policy is attached to these minutes.

11. Utle Creek Water Reclamation Facility 6 to 8 MGD Upgrade Preliminary Engineering Report and Alternatives Analysis contract – The Council authorized the Town Manager to approve a contract with Hazen and Sawyer in the amount of \$925,333 for the preparation of a Preliminary Engineering Report and Alternative Analysis for the Utle Creek Water Reclamation Facility 6 to 8 million gallon per day upgrade project.

PUBLIC HEARINGS

12. E-52 Rex Road Elementary Rezoning – Legislative Hearing

Cheryl Caines said this item and item 13 would be discussed together, but the hearings held separately. She said it was a request to rezone the property at 6125 Rex Road from RR Rural

Residential to RR CD Rural Residential Conditional Zoning District, to consider a request for a Developer Agreement, and to consider a request for a Development Plan.

Ms. Caines showed the location of the property and said that it was designated as Conservation Neighborhood on the Land Use and Character Plan, and is currently zoned Rural Residential. She said that Conditional District Rezoning is tied to a conceptual master plan, and allows flexibility in order to develop unique and creative designs. She said it is not intended to relieve hardship, which is a different process. She outlined the ten design goals of a Conditional Zoning District. She said the proposed development standards were to allow a school, which is a permitted use; to alter parking locations to accommodate carpool and bus lanes; and to alter building design to allow a wider area between façade variations. Ms. Caines said that the development plan for the nearly 41 acres included 43.2% open space, a 134,698 square foot building, a playfield and other outdoor spaces, and carpool and bus areas.

Rachel Jones, Development Services, said that there is will be a connection to and extension of public water on Rex Road. The developer will build a private sanitary sewer pump station and acquire public utility easements for future extension. She said that due to NC General Statute 136 the town is limited in its authority to enforce certain transportation improvements. The Comprehensive Transportation Plan has the ultimate buildout of Rex Road to a thoroughfare. She outlined improvements that the CTP identified for this area. She said the Traffic Impact Analysis covered the intersections of Rex Road with Buckhorn Duncan and with Cass Holt, as well as the two site drives with the understanding that this was to be a 716-student elementary school with no plans for expansion. The developer will design, construct, and pay for right and left turn lanes at the two site drives. They will also dedicate right of way for an ultimate road widening. However, per the general statute, the actual construction of those improvements would be contingent on Town reimbursement.

Matt Beard, Parks and Recreation said that under the UDO a 10-foot sidepath across the frontage would be a requirement, but state statutes do not allow municipalities to require schools to construct road improvements. Wake County Public Schools is offering to construct a 10-foot sidepath across their frontage and extending east to an existing sidewalk stub at Bridgeberry if the Town will reimburse them for the cost of construction and acquire any needed off-site rights of way. He showed where the sidepath would run and how it would connect to the existing sidewalk at Bridgeberry. He said the funds for a reimbursement would come from the Parks and Recreation Fee-in-lieu account, as this falls under the category of a greenway. He said that the numbers Council is about to hear are draft numbers and if Council so directs, staff would continue working with Wake County Public Schools. He said the Developer estimates the cost of the sidepath at \$60,878, which is a massive savings, so staff is recommending this connection to provide safe pedestrian connection from front doors to the school.

Ms. Jones outlined the draft costs of about \$1,652,766 for the road widening and \$61k for the sidepath. The cost of additional rights-of-way and easements for the off-site sidepath has not yet been determined. Mr. Beard said that with the off-site sidepath the town would be responsible for any right-of-way or easements that are required for it.

Council member Bennett said she appreciates the information about the sidepath, and given the sad things that have happened recently, she is grateful for the opportunity to partner to make this happen. She thinks safety makes it worth the expense.

Council member Forrest said he believes we need to have the sidepath put in and agrees that it is worth the expense. There needs to be a safe walking path to all our schools.

Josh Prizer, Planning Board, said that the Planning Board was excited to have a new school coming. They voted to approve both the rezoning and the development plan with votes of 7 - 0 - 2 in each case. He said that Planning Board also recommended that Council fund the construction of the sidepath to provide a safe way for students to walk to school.

Mayor Mayefskie opened the legislative public hearing and the following input was received.

Ms. Betty Parker, Wake County Public Schools, showed the location of the property. She said it is a challenging site, although it is where they need it to be given where the growth in the

town is. She said they were happy to help with acquiring easements or rights-of-way, subject to reimbursement. She showed the plan for siting the building and the landscaping. She explained the road improvements that they would undertake. She said they included the wireless technology as a condition in order to best position themselves to support the schools. In terms of the parking locations, there is a small amount of parking between the building and the road. The site has some unique features that they are trying to preserve. The school will be placed away from disturbances of natural features. The limitations of the site limit where the parking can be placed. There will be more than half a mile of “stacking” space for carpools, with some amount of parking for disabled students or students who are not quite ready when the bell rings. She said the elevation changes between the road and the parking will help to shield the parking from the road. She said the cost of the turn lanes was close to \$1.75 million, but they believe it is needed for the safety of the children. She said that when they submitted the TIA to NCDOT, there were no recommendations. She said that DOT has done that since NCGS 136 was passed, because they cannot afford to construct them.

Ms. Parker said that the reason they did not offer to pay for the near-term improvements is because they have talked with the Bridgeberry developer who has said that they were intending to make those improvements with future phases. She said the condition on vertical variations and roof expression were requested because of the architectural plan that has wings that break up the façade and therefore meets the spirit of what the UDO is trying to accomplish. She said with the school’s placement on the site, these variations would not violate the spirit of the UDO. She said that they have committed to working with the developers on either side to look at additional pedestrian connectivity, if it is possible, but the site makes that difficult. She said the security of the site is paramount.

Council member Bennett asked where a pedestrian would go from the sidepath to the front door. Ms. Parker showed the pathway, away from the busses and carpool, to reach the front door.

There being no further input, Mayor Mayefskie closed the public hearing.

Action: Motion to adopt Rezoning Ordinance RZ22-05 rezoning 6125 Rex Road from RR Rural Residential to RR CD Rural Residential Conditional Zoning District.

Motion by: Bennett

Second by: Forrest

Vote: unanimous

Action: Motion to direct staff to negotiate a developer agreement for completion and reimbursement of the 10’ sidepath along Rex Road and to connect to Bridgeberry.

Motion by: Bennett

Second by: Forrest

Vote: unanimous

13. E-52 Rex Road Elementary Development Plan – Quasi-judicial Hearing

Mayor Mayefskie opened the quasi-judicial public hearing and the following sworn testimony was received.

Mr. Kenneth Haywood, attorney for Wake County Public Schools, spoke for the applicant. He listed the team members who were present to help answer questions. He said, for the record, they request that the application, the PowerPoint presentation, the staff report, and the material being discussed be entered into evidence in support of their application for the development plan.

Renee Pfeifer, CLH designs, said that the development plan was for an elementary school with a 716-student capacity serving grades K-5, with 20 Pre-K students in two pre-K classrooms. She said that there would be 43% open space, with preservation of stream and wetland buffers, and the required landscape and streetscape buffers. There will be separate carpool and bus entries

into the site. Carpool stacking of 2,660 linear feet on site is included, and 121 parking spaces including 6 EV and 18 EV ready spaces. A ten-foot asphalt sidepath along the Rex Road frontage and extended east to the People Road intersection with Rex Road will be constructed with the understanding that the Town reimburse the school system for that.

Ms. Pfeifer said that they are working within the environmental constraints of the site. She outlined the carpool and drop-off sites. She said that cars would exit via the west drive onto Rex Road. The west site drive would accommodate staff parking and the busses. There is a service drive to the back of the building, which is where the dumpsters and mechanical sites would be, as well as a fire lane. She showed the various play areas, and outdoor classroom areas.

Ms. Pfeifer said that a 12" water line along Rex Road will be extended to serve adjacent properties to the west and east of the school property as well as the school property itself. Sanitary Sewer easements are provided to adjacent properties for future sewer extension. The developer will construct right and left turn lanes along Rex Rd. into the site, per the Traffic Impact Analysis. Stormwater control measures on-site will comply with the Town of Holly Springs' stormwater requirements, and overhead Duke Energy powerlines along the school property frontage will be replaced with underground electrical lines.

Frank Jackson, licensed architect, showed an elevation of what the school building would look like from the front and the rear. He said the building is mostly brick with a small metal accent. He said the idea was to make this an elegant building that will stand the test of time and be around for a very long time. He said that the building bay length and height variation was being requested to extend from 100 feet to 141 feet 8 inches, as a result of the wings, which allow natural light into the classrooms.

Mr. Haywood said that they contend that they have met the requirements under the UDO and request approval of the motion before Council.

Council member Bennett asked about planned spots for mobile classrooms and whether that was still a consideration, as most schools in the area outgrow their space rapidly. Ms. Pfeifer said that the site was very steep. Mobile classrooms need to be close to the building, but the only place they would reasonably fit on this site would be far from the building or would impact the play areas. Therefore this was a school where they decided that it would not have mobile classrooms.

Mr. Haywood said that this is a difficult site, but it is the site where a new school is needed. They have planned to build to capacity in terms of what they can, but must look at the fact that an elementary school is not several stories like a high school, so it limits the size. Ms. Parker said that if there was not class size limitations this would be an 800 student school. But the statute lowering class size took up the capacity they had built. She said that schools are sized for optimal student learning, and building a "mega school" would not be equitable to those students. She spoke of the dearth of sites that were flat and had access from two roads. She said that Holly Springs' success is their challenge. But it's a challenge they are happy to address.

There being no further testimony, Mayor Mayefskie closed the public hearing.

Action: Motion to make and accept the Findings of Fact for consideration and approve Development Plan 22-DP-06 for E-52 Rex Road Elementary for the property located at 6125 Rex Rd., Wake County PIN 0637389732 as submitted by CLH Design PA with the conditions listed in the agenda packet.

Motion by: Bennett

Second by: Forrest

Vote: unanimous

NEW BUSINESS

14. Rhamkatte Plaza Detailed Master Plan 22-MAS-02

Bronwyn Redus, Development Services, said this item was to consider a request for a Detailed Master Plan/Major Subdivision Plan for the Rhamkatte Plaza at 601 Holly Springs Road.

The request is to subdivide the plot so individual plots could be sold to different owners. The property is designated Neighborhood Center on the Land Use and Character Plan and is zoned Planned Unit Development. The reason for this change is that the developer has proposed to subdivide the 5.36-acre commercial area into five lots, with the interior access to each, with a common lot with common maintenance. There are no other changes requested to the approved development plan.

Josh Prizer, Planning Board, said that the Planning Board voted to recommend approval with a vote of 7-0-2.

Tom Spaulding, Spaulding Group, speaking for the applicant, said there are three lots now. They wanted to go to five lots, one of which would be a common lot owned by the HOA so that there would be well kept grounds, rather than each individual keeping up their own.

Action: Motion to approve Detailed Master Plan 22-MAS-02 for Rhamkotte Plaza for the properties located at 601 Holly Springs Rd., Wake County PINs 0659135417, 0659139511, and 0659136418, as submitted by The Spaulding Group with the conditions listed in the agenda packet.

Motion by: Forrest

Second by: Bennett

Vote: unanimous

15. Parks & Recreation Fees & Charges Policy / Cost Recovery Philosophy

LeeAnn Plumer, Director of Parks and Recreation, said this item was to approve the Parks and Recreation Fees and Charges Policy. This supports Initiative 3.1 of the Engaged, Health, & Active Strategic Plan area: Analyze the cost of service for functional areas and develop a policy for cost recovery goods. The policy would provide efficiency, accountability, and equity in pricing. It was also a recommendation in the Parks, Recreation, and Greenways Master Plan, and approval was recommended by the Parks and Recreation Advisory Committee.

Ms. Plumer said that this policy does not set fees, but defines the methodology and philosophy around pricing and would be the basis for fees requested as part of the annual budget process. The Policy uses direct and indirect costs by program or cost center, and is a best practice which provides structure, but is adaptable based on changes in the market, demand for services, and operational expenses. Ms. Plumer shared the current cost recovery for each of the Town facilities, and said that the overall recovery rate is 42%, which is higher than the typical park and recreation agency recovery rate of 22.9%. She said the target pricing strategy would be to increase cost recovery as programs move from a community benefit to an individual benefit, so services with a wide community benefit, such as parks, trails, festivals, etc. would have a cost recovery target of 0-45%, core services such as instructional programs, track out camps, etc. would have a cost recovery target of 45-85%, and specialized services such as advanced and private instruction, special facility rentals, and retail operations would have a cost recovery target of 85-100%.

Ms. Plumer said that special considerations for variances would include benchmarking/market comparisons; new program start-up costs; and special facility rentals that provide economic impact benefits. She said there is a scholarship program that provides up to a 50% fee reduction, not to exceed \$200 per year per participant to make programs available to all.

Action: Motion to approve P- 50, Parks and Recreations Fees and Charges Policy.

Motion by: Wolff

Second by: Forrest

Vote: unanimous

16. Town Facility Naming Policy

LeeAnn Plumer, Director of Parks and Recreation, said that this item was to establish a process and policy for naming public facilities in the Town of Holly Springs. She said that this applies to Town-owned facilities (not just parks and greenways) going forward and would not affect

those things that are already named. It would establish Town Council as the formal authority on naming, and shall be consistent with Town values and help enhance a sense of community, as well as recognizing the investment of businesses related to naming rights. Ms. Plumer said that naming should follow one or more of the following categories: geographic/location; indigenous, cultural, or historic reference; native flora/fauna or natural feature; individual, family or organization who has made a significant contribution, financial or personal, over many years; businesses, pursuant to naming rights terms; and other factors supported by Council.

Ms. Plumer said that the process would allow a temporary name to be used during acquisition and development, but when possible, a permanent name should be identified prior to the award of the construction contract. Names may be presented by a Council member, a Council-appointed board or committee, or the Town Manager or staff, for recommendation to the Council for consideration and action during a public meeting. The Town Clerk's office will maintain the official registry of named facilities, including any naming rights terms. Ms. Plumer said that naming rights shall be considered for facilities or components of a facility. Naming rights for events shall be reserved for large events with a value of \$25,000 or more and all naming rights shall have a separate agreement with defined terms approved by Town Council.

Council member Wolff said he wanted to reiterate what he said at the workshop, that he is uncomfortable with including people's names, as he thinks no one is above controversy and the criteria of 'significant contribution' is subjective. But it is not worth throwing out the whole policy.

Action: Motion to approve P-29.1 Town Facility Naming Policy.

Motion by: Forrest

Second by: Bennett

Vote: unanimous

Ms. Plumer said that, now that the policy has been approved, she would like to present naming recommendations for four greenway projects:

- Utle Creek Greenway;
- Middle Creek Greenway;
- Oak Leaf Greenway; and
- Morgan Park Greenway Connector.

Ms. Plumer said that the Parks and Recreation Advisory Committee reviewed these names and recommended adoption with a vote of 7-0-2.

Action: Motion to approve the following names for town greenway facilities: Middle Creek Greenway; Utle Creek Greenway; Oak Leaf Greenway; and Morgan Park Greenway Connector.

Motion by: Bennett

Second by: Forrest

Vote: unanimous

OTHER BUSINESS

Council member Forrest said it was not lost on him how much hard work Ms. Plumer and her staff did to be inclusive and to provide opportunities for all. He thanked the whole department for their hard work.

Mayor Mayefskie said that last week he met with someone who had watched a Council meeting. He said that this person said he noticed that no one made any response after the Public Comment section and he said that it was not Council's practice to do so. But Mr. Mayefskie said that maybe he needed to address these comments on the NDO. When he first read the NDO he was almost offended by being told how to run his business. But the further he got into it, he decided that the NDO doesn't have anything to do with the major employers in town, or the Town staff. It affects the small business owners, putting into law a policy for those businesses to follow. He said he has heard that it has no cost, but there is a cost. Small businesses don't have staff attorneys.

They would have to go out and hire attorneys. That would cost those businesses. Policies and service brochures would also have to be modified. This would be an exorbitant expense. He said he has met with the people requesting this, and he told them to come to him if they found anyone who had been discriminated against, bring them to him and he would go to the Town attorney and find a solution. He said no one has come to him. He doesn't believe that discrimination is happening in Holly Springs and the NDO would be symbolism over substance.

Mayor Mayefskie said that three weeks ago he walked into a local business and they told him they got an email asking them to support the NDO. They responded and received a reply saying that they would not support their business if the business didn't support the NDO. He said that happened again at a different business. He asked people to come to town and shop at locally owned businesses and eat in local restaurants. He doesn't take kindly to people threatening local businesses.

Council member Wolff said he agrees that we shouldn't be threatening our small businesses. But it's not just the NDO. He said he received threats at his own business in Garner when he put up a sign saying firearms weren't allowed, or when masks were required. He has received threats against his business for his work on the Town Council. That is never ok. There are other ways to garner support. But, he said that Garner, where his business is located, has adopted the NDO, and he has not felt the need to "lawyer up" and it has not added a cent to his business expenses or his taxes. That is his experience as a business owner in a town that has adopted the NDO.

Council member Bennett said that no matter what the issue is, bullying is never OK and not supporting, or actively trying to hurt a business, is not something she would support no matter what the issue.

Council member Forrest said, to finish their thought, this is anti-bullying month, and this is something our society does not approve of. So when he hears that livelihoods are being threatened, he doesn't agree with that. He would say it is not about forcing your right or your wrong on someone. Let's have a discussion and look for common ground; not tear down or destroy. We have to have a point where we continue the practice of building consensus. He said he has not heard from anyone who falls into the other categories on the NDO, just the one. He hasn't heard from any of his friends or family in the area that fall into one of those categories. This is a values-based town. This is about who we are together, not one special interest over another. It's about working together. He has never run into anything but friendly smiles. He is against bullying.

MANAGER'S REPORT

Daniel Weeks, Assistant Town Manager, said he was glad to be here tonight. He has 6 items. The first three are fall activities through Parks & Recreation and will be held at Sugg Farm – Spooktacular Oct 21st from 4 pm – 7 pm (ages 3 – 11); Oct. 22nd from 7 pm – 11 pm Haunted Trail, recommended for ages 12 and up; and Holly Fest on October 29th from 10 to 4. He said that on October 20th there will be a candlelight vigil at the Law Enforcement Center for victims of domestic violence; and on Oct 29th the Dare to Scare 5k Walk Run and Ruck will start at the Law Enforcement Center to raise funds for the Special Olympics.

Finally, our thoughts and prayers are with Raleigh and Knightdale who experienced the recent tragedy. The funeral for the officer who lost his life is Saturday and the Holly Springs Police Department will backfill Raleigh PD so that Raleigh officers can go to that funeral.

CLOSED SESSION: none.

Adjournment: Council member Wolff made a motion to adjourn at 8:40 pm. It was seconded by Council member Forrest and passed with a unanimous vote.

Respectfully Submitted on Tuesday, November 1, 2022.

 Council Meeting

Linda C. McKinney, Town Clerk

Addenda pages as referenced in these minutes follow and are a part of the official record.



MINUTES

The Holly Springs Town Council met in regular session on Tuesday, November 1, 2022. Mayor Mayefskie presided, calling the meeting to order at 7 p.m. A quorum was established as the Mayor and three Council members were present in the Chamber as the meeting opened.

Council Members Present: Mayor Mayefskie, Mayor Pro Tem Dan Berry, Council members Aaron Wolff, Timothy Forrest, and Kristi Bennett.

Council Members Absent: Council member Shaun McGrath.

Staff Members Present in Chambers: Randy Harrington, *Town Manager*; Daniel Weeks, *Assistant Town Manager*; Scott Chase, *Assistant Town Manager*; John Schifano, *Town Attorney*; Linda McKinney, *Town Clerk* (recording the minutes); Mathew Mutter, *IT*; Corey Petersohn, *Budget and Sustainability*; Chris Hills, *Director, Development Services*; LeeAnn Plummer, *Director, Parks and Recreation*; Rachel Porter, *Parks and Recreation*; Kimberly Keyes, *Utilities and Infrastructure*; Carrie Kennedy, *Utilities and Infrastructure*; Aaron Levitt, *Utilities and Infrastructure*; LeRoy Smith, *Fire Chief*; Cassie Hack, *Director, Communications & Marketing*; Anna Murphy, *Economic Development*; Paige Scott, *Director, Public Works*; Paul Liquorie, *Police Chief*; Kathy White, *Deputy Clerk*.

2. and 3. The Pledge of Allegiance was recited followed by an invocation by Mark Savoldi, of the Church of Jesus Christ of Latter-Day Saints.

4. Agenda Adjustment: The November 1, 2022 meeting agenda was adopted with changes, if any, as listed: Item 6, Small Business Saturday Proclamation was tabled to the November 15th meeting.

Motion: Berry

Second: Forrest

Vote: Unanimous

Public Comment: At this time, an opportunity was provided for members of the audience who had registered to speak to address the Council, and the Clerk was asked for any written comments received prior to the meeting.

The following public comments were received in writing: none.

The following comments were received in person:

Jacquie Turnwald said that, during the October 18th Town Council meeting the Mayor addressed the public about his position on the NDO and from those comments they said that he supports small businesses owners who oppose the NDO over the businesses who support the NDO and the residents who spend their dollars at local businesses. They said that was a choice he was free to make, but they were not sure of the wisdom of that choice for a Town Council that was elected by approximately 10% of residents. They called inflammatory the Mayor's statement that saying you won't patronize a business that doesn't support the NDO is bullying. They reminded the Mayor that he told them some months ago that if a business was discriminating, posts on social media would

handle it: actual cyber-bullying vigilantism instead of policy. But now, when citizens whom you have chosen not to protect through policy, set a boundary and say they won't patronize a business, you call that bullying. They said that he can't have it both ways. You can't refuse to sign on to a policy that protects historically excluded people in this town, and tell them where they get to spend their dollars. They said that the fact that people setting this particular boundary is what has the Mayor making a statement on bullying, and not the fact that outside this very Town Hall people were told to leave town to get services if they were discriminated against here, says that his priority is profits over people. Those dollars have actual human beings behind them, and those humans can spend their dollars in the spaces that feel safest and most inclusive to them.

Donna Friend said she was here because of Mayor Mayefskie's comments on Oct 18th. After meeting with her for 90 minutes, when you challenged her to speak to each business up and down Main Street, she did. She said the Mayor told her he had spoken to them and they felt the NDO was too burdensome, they didn't have any issues, and they embraced diversity. She spent about 4 hours talking to each business owner, and each that she spoke to – including Vieni, Niche, Mamma Mia, and the Pimiento Tea Room – said they had had no conversation with the Mayor on this topic. She said the Mayor challenged her to speak to business owners, and told her he had spoken to business owners. She said they are trying to meet with Council members, but that they are not responding to emails requesting meetings. And yet they get a lecture on bullying. She asked if Council was protecting all of our citizens or not; whether the NDO was just an annoyance to Council, and they were hoping it will just go away. Speaking about the Cost of NDO, she said there is no cost to business owners. She said it was as simple as posting a sign next to the one that requires employees to wash their hands, or the minimum wage signs. If a business is afraid to post a sign on NDO, people have the right to spend their money elsewhere, where they feel safe, and not be called bullies. She said she would love to meet with the members of Council who are not responding to her emails. She asked if it would take getting the media involved again in order to do have an open discourse and conversation.

RECOGNITIONS

5. Family Court Awareness Month Proclamation

Mayor Mayefskie proclaimed November as Family Court Awareness month in Holly Springs.

6. Tabled to the November 15th meeting.

7. Holly Springs International Food Festival Honored with Arts & Humanities Award

LeeAnn Plumer, Director of Parks and Recreation, said Holly Springs first International Food Festival was honored with the Arts and Humanities Award from the NC Parks and Recreation Association. The award is presented to an agency who is able to demonstrate innovation, contribution to the community served, and an expanded interest in the arts and humanities program area. The International Food Festival (IFF) had representation from over 15 countries and more than 3,000 attendees. Rachel Porter and Kelly Miller represented the Town at the North Carolina Parks and Recreation Association annual conference in Greenville NC on October 19th to receive the award.

REQUESTS AND COMMUNICATIONS

8. UNC Health Rex Holly Springs Hospital Update

Roy Tempke, Chief Operating Officer, of UNC Health Rex Holly Springs, gave an update on UNC Rex Holly Springs Hospital as it completes its first year of operations, and gave a glimpse into future plans.

Consent Agenda

The Council passed a motion to approve all items on the Consent Agenda. The motion carried following a motion by MPT Berry, a second by Council member Forrest and a unanimous vote. The following actions were affected:

9. Minutes – Council approved the minutes of the October 11, 2022 workshop meeting.

10. Stop Signs and Striping on Teal Lake Drive – The Council approved the installation of two additional stop signs, four stop bars, and two stop ahead signs at the intersection of Teal Lake Dr. and Hidden Cellars Dr., and also at the intersection of Teal Lake Dr. and Cassada Ct.

NEW BUSINESS

11. Construction Manager at Risk (CMAR) Contract for Operations Campus Phase 1

Kimberly Keyes, Utilities and Infrastructure, said she was here to provide an update on the Operations Campus Phase 1, and to request approval of the pre-construction contract with Edifice General Contractors as Construction Manager at Risk. She outlined the conceptual site plan, including the southern access road. She said that Phase 1 would be divided into two parts. Phase 1A includes the extension of Bumgardner Road, constructing a gravel access drive, and a two-acre laydown area. Phase 1B includes construction of the Administration Building, Operations Center, and Fleet Maintenance; covered storage; a Customer Convenience Center; and parking.

Ms. Keyes said that CMAR allows early collaboration between the architect and contractor and procurement of materials. First-tier contractors and subcontractors are prequalified. It alleviates supply chain issues and sets a guaranteed maximum price. The CMAR acts as a consultant to the Town during the development phase and provides preconstruction services, reviewing documents at each phase of design, providing input on cost and schedule, and overseeing all construction activities.

Ms. Keyes gave an outline of the expected timeline, saying that we are in the master planning period, with Phase 1A to begin construction in 2023. She outlined when Council approval would be needed for future activities, with final completion of Phase 1B expected in the Summer of 2025. She said that the next step will be for ADW Architects to present the Operations Campus site/building plan, with 3-D fly-thru video and schedule at the January workshop.

Randy Harrington thanked Ms. Keyes for leading this project and Fire Station 3 – two very large projects. He clarified that staff is trying to get the Fleet Maintenance portion into Phase 1, but it may need to be a bid alternate, depending on costs.

Action: Motion to approve the Pre-Construction Contract with Edifice General Contractors (Construction Manager at Risk – CMAR) in the amount of \$188,220 for the Operations Campus Phase 1.

Motion by: Berry

Second by: Forrest

Vote: unanimous

OTHER BUSINESS

Council member Forrest thanked Parks & Recreation staff for a great HollyFest. He thanked them for putting out the survey for suggestions for next year. He asked about feedback on the beverage district. Randy Harrington said that so far the feedback has been positive. Council member Forrest asked for an official record count. Mr. Harrington said staff is still waiting on the final count, but based on the number of cars, between 14,000 and 16,000, which is back to pre-COVID levels.

MPT Berry said there was social media traction, mostly positive. He asked if staff planned a post-mortem and if that could be brought to Council at a future workshop.

Mayor Mayefskie said That Business NC goes out once a year and looks at new construction and offers awards. And Pine Springs Prep got an Honorable Mention for their building.

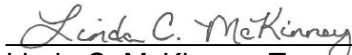
MANAGER'S REPORT

Randy Harrington, Town Manager, said he wanted to recognize the Parks and Recreation staff, and all other staff who worked to make Holly Fest a success. Secondly, he said that next Wednesday, November 9th is the Utley Creek Greenway Grand Opening Ribbon Cutting, off of Ballentine West of the Cultural Center. He recognized the Police and Fire Departments for attending Trunk or Treat at the schools, allowing the students to see the "cool equipment" they get to use. Finally, tomorrow is the first Village District Area Plan (VDAP) Advisory Committee meeting from 6-7:30 at Town Hall; and on November 17th from 5:30-7:30 pm, staff will host the first VDAP open house.

CLOSED SESSION: none.

Adjournment: MPT Berry made a motion to adjourn at 7:38 pm. It was seconded by Council member Forrest and passed with a unanimous vote.

Respectfully Submitted on Tuesday, November 15, 2022.



Linda C. McKinney, Town Clerk

Addenda pages as referenced in these minutes follow and are a part of the official record.



MINUTES

The Holly Springs Town Council held a workshop meeting on Tuesday, November 8, 2022 at the Law Enforcement Center and via livestream. Mayor Mayefskie presided, calling the meeting to order at 6:00 p.m. A quorum was established as the Mayor and three Council members were present as the meeting opened.

Council Members Present in the room: Mayor Sean Mayefskie, Mayor Pro Tem Dan Berry, and Council members Aaron Wolff, and Tim Forrest.

Council Members present via electronic means: Kristi Bennett and Shaun McGrath.

Council Members absent: none.

Staff Members Present in the room: Randy Harrington, Town Manager; Linda McKinney, Town Clerk (recording the minutes); Daniel Weeks, Assistant Town Manager; Scott Chase, Assistant Town Manager; Antwan Morrison, Finance Director; Corey Petersohn, Budget, Innovation and Sustainability; Mathew Mutter, IT; John Schifano, Town Attorney; Cassie Hack, Director of Communications and Marketing; Kendra Parrish, Executive Director of Utilities and Infrastructure; Chris Hills, Director, Development Services; Sean Ryan, Development Services; Elizabeth Goodson, Development Services; Catherine Jacobs, Development Services; Aaron Prichard, Development Services; Seann Byrd, Utilities and Infrastructure; Rachel Ingham, Utilities and Infrastructure

1. Overview: Randy Harrington, Town Manager, gave an overview of the meeting agenda.

2. Utility Allocation Policy

Kendra Parrish, Executive Director of Utilities and Infrastructure, said this item was to brief Council on stakeholder input for a Utility Allocation Ordinance and receive input from Council for such an ordinance. She said a Utility Allocation Ordinance was a guide for distributing the remainder of the wastewater flow, and is needed because water is a limited resource and an asset to be managed. She said staff has studied how other communities handle allocation, and studied their ordinances. She outlined our current capacity, permitted capacity and daily flow. She said the challenge comes with the recent wave of success the Town has experienced in attracting major employers, and several years of growth. She explained the amount of water allocated to different “buckets,” from projects that have been permitted, but are not yet flowing, to projects that are approved and in the Town limits, to projects that have been submitted to staff but not yet brought to Council, and finally to projects that are speculative at this time and not formally submitted. If all the approved projects “hit” at once, we would be over the current capacity. The planned plant upgrade to 8 million gallons per day (MGD) is set to be complete in 2027 or 2028. The upgrade would be difficult to speed up due to the difficulties of upgrading while continuing to treat waste water, and the desire to make the upgrade further upgradable. [listen]

Ms. Parrish outlined the current permitting process, outlining the points at which flow amounts are determined. It can take two to five years from preliminary plan discussions to the

actual flow received at the Water Treatment Plant. So timing is important. Timing is where they reconcile the estimated flow to the actual.

She said that stakeholder input included the desire to solidify utility capacity earlier in the process, to ensure economic development is able to continue, to provide clear guidelines and certainty in the process and to make sure one user does not get all of the utility capacity. Stakeholders also requested an effective policy to address sunset and phasing of the larger developments, and pointed out Johnston County's as a good example.

Ms. Parrish said that staff recommends continuing the quarterly reconciliations and establishing a Utility Allocation ordinance. She gave options of how to divide the allocations. She recommended reserving 30% of capacity for Economic Development, with the remainder split, either 30% non-residential and 70% residential; or 40% non-residential and 60% residential. She recommended that priority be assigned based on vicinity to existing infrastructure; available pump station capacity; whether the project is economic development, non-residential or residential; public infrastructure improvements; sustainable design; affordable housing; gateway and transit improvements; and amenities included. She said there should be a sunset or expiration clause and phased development, issued by year. She said next steps would be drafting the ordinance and bringing it back to Council in January.

Council member Forrest asked what the current breakdown between residential and non-residential is, and said he would like to see it before an Ordinance is drafted. Ms. Parrish said that staff would get those numbers together and get them to Council. She said that as the strategic plan changes, these percentages could change. It would be a living document. Council member Forrest asked if this was going to be a discussion topic at the retreat. Randy Harrington, Town Manager, said the retreat is the place to make any adjustments to your strategic plan, and if there is direction from the group ahead of the retreat staff can prepare that.

Council member Wolff said that although this was not intended as a development tool, a nice side effect is providing incentive to developers, giving them a "carrot" to work towards, when we are statutorily limited as a body in what we can ask for. Having this, and having those elements of what we desire from our strategic plan in this policy is awesome. The percentages are going to be the most difficult thing. With FujiFilm we reached our 30/70 goal and now we are facing a housing deficit. What we can project over the next five years will be key to finalizing those percentages, because the closer we can get to getting it right the first time, the better.

MPT Berry said he likes the direction we are heading in. He said he is not entirely worried about some of the 3rd order effects that could come from this. As a group we need to align on where things rank as far as priorities. He said we should definitely explore a sunset provision, given some of the projects we have seen in the past. We shouldn't be holding allocations for projects that aren't moving.

Council member Bennett said that in the priority assignment, affordable housing is listed there. She asked if priority could be based off of land use. She asked if they could add in other things that they would like to make sure to keep as a priority, like schools, churches, hotels, or specific businesses. Ms. Parrish said staff has talked about that with other communities that have an ordinance, and what has resonated is that having a clear and concise ordinance, which shows the developers how they score, is desired. Our partners do want to see a list of how they get those points. Staff would probably like to have some sort of priority list, and what that includes, for transparency. From administration side, staff wants to be sure the ordinance works seamlessly. She added Affordable Housing to the list because that is a priority in many of the communities staff investigated; it may not be Council's priority. This is totally directed by Council as to what gets priority and how it is listed.

Council member McGrath said he would like to add "legally defensible" to the clear and concise requirement. He asked for Town Attorney, John Schifano's opinion. Mr. Schifano said we are going to make it as defensible as possible. He said the slippery slope would be requiring people who don't meet the criteria to pay more in order to get an allocation. That's where the

problem was in the past for some municipalities. There is nothing wrong with saying we can't rezone you right now, or allow you to build because we don't have the water and sewer capacity. The key is to keep things at a legislative rezoning stage. It is going to be a multi-pronged approach to stop it at the legislative rezoning stage. That is the key, and also to be very cautious to not say "we don't have the capacity now, but you can pay into the system and get the capacity." Council member McGrath said he wants to be sure that any priorities are legally defensible. He said he agrees that we need to have a sunset clause that is fair and equal across all projects that aren't progressing. He wants a clear communication plan to the developers because they need to know five to ten years out. He said that Public Infrastructure Improvements is a top priority for him, and affordable housing which can come with an economic development project to provide the housing for transitory or lower-wage workers.

Council member Forrest asked if it was possible for already assigned projects to be based on a decision matrix based on priorities. Ms. Parrish said that these are just ideas but staff does plan on having a weighted value of how a particular project ranks. And as flow becomes available the top priority gets to advance to construction drawing. It's uniform and holds everyone to the same standard.

Ms. Parrish said that what she is hearing is that there needs to be a lot of work on the priorities and what is more highly rated. She suggested that it could be brought back to another workshop with more details on the ranking before the Ordinance is drafted.

3. Northeast Gateway Plan Update

Chris Hills introduced new members of the Development Services team who will be presenting in the months and years to come: Catherine Jacobs will work with Elizabeth Goodson's team; Aaron Prichard, will work with Sean Ryan's team.

Sean Ryan, Development Services, said this item was to provide Council with an update on the final draft of the Northeast Gateway Master Plan and outline the adoption process. He said the project was to guide land use, development, and community investment around the future interchange of Holly Springs Rd. and NC 540. He outlined the project process and said that we are currently at the final master plan and design manual stage. The process included five Advisory Committee meetings; interviews and focus groups with key stakeholders; Council work sessions; and two open houses. The feedback that was received was a desire to establish a unique identity; focus on unique, local businesses; preserve natural beauty; promote integration with surrounding neighborhoods; provide safe and protected routes to walk and bike; control traffic; and promote balanced growth.

Mr. Ryan said the area was divided into seven planning subareas. These were discussed at the June workshop and provide distinct character, and more predictable outcomes. Each subarea would have a distinct character, mix of uses, and development pattern. The plan identifies desired uses, intensities, and improvements and gives necessary guidance for future growth and development, while providing flexibility. Subareas 1, 2, 5, 6, and 7 would be transition areas to protect the existing neighborhoods around the gateway area. Subareas three and four are the two intense commercially focused areas, and he wanted to dive into them in more detail.

Mr. Ryan said that Subarea 3 was the Gateway Core. It would be primarily commercial and office space, with supporting residential uses. He showed the model progression from sketch to design outlining major built and open space features of the area, and how the model changed in response to feedback. He said that Subarea 4 was a mix of Neighborhood Commercial and Residential and supports a wide variety of residential housing types. He showed the model progression from sketch to design outlining major built and open space features of the area, again responding to feedback from the Advisory Committee and the other stakeholders.

Mr. Ryan said that implementation of the plan would include UDO updates; placemaking tools; design guidelines; and an action matrix. Next steps will be a 30-day public comment period

from November 9 to December 9; taking the plan to the Planning Board on November 22nd for recommendation; and a public hearing and adoption at the December 20th Town Council meeting.

Chris Hills said, one of the things the team worked on was making sure there were areas for community gathering places. He said that transportation is important, highlighting areas of Subarea 3 for a multimodal transportation.

Council member McGrath said that on Subarea 3 and Edwards Road, what he sees is a stiff challenge for any developer because there is a lot of open space and a lot of infrastructure improvements needed. He said this might make it undevelopable because the project would have to have a high profit margin to sustain all the infrastructure improvements and open space. On Subarea 4, he said there are for sale signs on several of the existing homes. Those residents might say they are being pressured out but some of them are willingly putting for sale signs out knowing that this is coming, and we should watch that.

Council member Bennett said she was happy to see the feedback taken into consideration. She is excited about the possibilities for the future.

MPT Berry said that Mr. Ryan did a good job highlighting the committees' feedback on this. He still thinks there are two areas with a lot of density and the infrastructure improvements to support that density stick out. We need the infrastructure in place, or a large project that will support those improvements. For Subarea 3, this was looked at as a key opportunity for this particular piece of town. The plan does a good job of transitioning to the neighborhoods. Neighborhoods preferred the offices close to them due to the traffic patterns. He wondered if all the mixed-use areas outlined will actually be mixed use. But he thinks the report is on the right track.

Council member Wolff said he agrees that the one thing we have to wrestle with is how to incentivize large projects to come in and do these infrastructure improvements and build to this plan. We don't have developers bringing these types of projects to us. So we need to figure out how to go out and attract those partners who are going to build that plan, and who can bring us a cohesive plan or PUD that can be phased in.

Council member Forrest said he agrees with his colleagues. His only question is around the statement of "more non-residential use." Were you referring to greenways and parks? Mr. Ryan said he was referring to more commercial or office uses, moving mixed-use to retail on the ground level and offices above, and trying to get our main commercial corridor on this main gateway into Holly Springs.

4. 2023 Council Meeting Calendar

Randy Harrington, Town Manager, said that the clerk would outline a potential change to the traditional schedule, dropping a few meetings that have traditionally small agendas, or are close to the Retreat, which would give a little more space to Council. He said that the second part of this would be to consider cancelling the November 15th meeting, which has a very light agenda. He said that there is still a lot of work going on, but we are in a part of the cycle where not a lot is coming to Council at this time.

Linda McKinney, Town Clerk, said that Council will vote on their schedule of meetings at the December meeting, but she wanted feedback tonight on their preferences in order to prepare that calendar. She said if Council wanted to continue with the current schedule, that would mean 1st and 3rd Tuesday business meetings, except the first Tuesday of July and August are off for summer; workshop meetings on the second Tuesday of each month, with the exception of August being off for summer and an additional workshop in May (fourth Tuesday) for the budget; and the retreat in February.

Ms. McKinney asked if Council would be interested in revising that calendar to remove a February meeting, due to the retreat, and the first Tuesday meeting in November, due to that being election night, and if Council wanted to lighten February, would they prefer to remove the

February workshop, or the first Tuesday business meeting. She said that this would also be the time to think about whether they are happy with the start times for their meetings, or if they wanted to adjust that also.

MPT Berry said he used to think more meetings meant doing better work. Now he's not convinced that is the case. He talked about how staff time is taken up with preparing for meetings. He said he would like to free up staff time to do more than prepare for meetings. He called out neighboring municipalities who only meet twice a month. He said he appreciates the proposal to take some meetings off the calendar, but would like to propose about 15 business meetings (one on the 3rd Tues, and once a quarter one on the 1st Tuesday) and 10 workshops (not one in August). That would free up staff time and Council time. He thinks they could be just as productive with fewer meetings.

Council member Wolff said that what MPT Berry said makes sense. Apex has a time limit on their meetings – they do not go past nine. If we lessen the number of meetings we would need to be cognizant of keeping them short enough so we aren't working part a certain point, and push other business to the next meeting if necessary. If others aren't comfortable with MPT Berry's option, then he would prefer Option 2, with maybe dropping the Feb 7th not Feb 14.

Council member Forrest said that sometimes less is more. He doesn't see any harm in trying MPT Berry's proposal. His only concern is that with our growth patterns if this will slow down the development process. He said Council can always reassess after the first quarter if it doesn't work.

Council member Bennett said she liked MPT Berry's proposal. She would lean heavily on staff recommendation as far as how it would work best for Holly Springs, not another municipality. But she agrees that more effective but fewer meetings is always a good choice. She said does like workshops but would prefer to spend Feb 14th with her husband rather than with Council.

Council member McGrath said he likes MPT's proposal. But he would like staff to come back with a proposal for 16 and 10, with 6 placeholder optional meetings that could be added in, just to see how many we would actually need in the upcoming year. He agrees with dropping the election night meeting in November, and wants Feb 14 to be a business meeting and move the workshop to the 21st. He wants to continue to put emphasis on the business meetings, not the workshops, as this is when residents can come and make their opinions known.

Ms. McKinney agreed to forward the new proposal to Council by email for comment before the December 6th meeting.

Action: Motion to amend Town Council calendar to delete the November 15, 2022 meeting.

Moved: Berry

Second: Forrest

Vote: unanimous

5. Open Discussion

Linda McKinney, Town Clerk, said that the Holly Springs Chamber of Commerce would offer Council an "in-kind" tree for the Winterfest with the Tree Trail event this year, and asked if Council wanted to use decorations like last year's, and whether they wanted to decorate on November 30th or December 1st. Consensus was to use the same decorations, and decorate on December 1st.

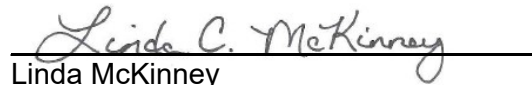
Mayor Mayefskie said that the Veterans' Day Celebration, with the impending weather, may be moved to the Cultural Center. It will be announced on Thursday if it is moved.

MPT Berry said that the Holly Springs High School Football team last week won a playoff game for the first time. He said he had asked the hospital to light up purple to support the team. He asked if there was something else the town could do – paint the town purple? Something to unite the town in support of Holly Springs High School being in the playoffs. He encouraged residents to support the football team and the other athletes at Holly Spring High School.

Council member Bennett said she was grateful that there was an early voting site in town. She hopes everyone went to vote, and wished a happy Veterans' Day to all our veterans.

6. Adjournment: There being no further business for the evening, motion to adjourn was made by MPT Berry second by Council member Forrest and passed with a unanimous vote. The November 8, 2022 meeting of the Holly Springs Town Council was adjourned at 7:34 pm.

Respectfully Submitted on Tuesday, December 6, 2022.


Linda McKinney
Town Clerk



Holly Springs Town Council

Town Council Meeting Agenda Cover Sheet

Agenda Item#: 10.

Consent Agenda

Title: Quarterly Budget Amendments

Strategic Priority Area: Organizational Excellence

Staff Resource: Corey Petersohn, Finance

Action(s):

1. Receive monthly reported budget amendments authorized by the Town Manager.
2. Approve quarterly budget amendments and adopt the following ordinances:
 - PAYGO Project Ordinance (22-34)
 - Waste Water Project Ordinance (22-36)
 - Water Project Ordinance (22-37)
 - Grants and Special Revenue Fund Ordinance (22-38)
 - Streets Project Fund Ordinance (22-39)
 - Utility Capital Reserve Fund Ordinance (22-40)

Explanation:

1. The Annual Budget Ordinance authorizes the Town Manager to approve inter-departmental amendments within the same fund up to \$50,000 with notification to Town Council. When applicable, staff will provide a copy of these approved amendments. Amendments processed in the previous quarter to be reported are:
 - **Amendment 1** - Transferring \$14,600 for furniture, fixtures, and equipment related to positions approved in current budget.
2. Budget Amendments over \$50,000 or that change the total appropriation of a fund require Town Council approval. Amendments for approval in December are:
 - **Amendment 2** - FY23 2nd Quarter - Operating Budget Amendments:
 - Transferring \$125,000 from the General Fund to a PAYGO project account for the development of a yard waste transfer site
 - Transferring \$545,943 in prior year inspections revenue to the Grants and Special Revenue Fund
 - Returning \$25,000 from the Grants and Special Revenue Fund to the Police Department operating budget that staff have been informed is no longer required for a grant match purpose
 - Transferring \$500 to the Grants and Special Revenue Fund project account for incidental costs related to the EV charging station project
 - **Amendment 3** - Adopt PAYGO Project Ordinance (22-34)
 - Receive \$125,000 from the General Fund for the Public Works Yard Waste Transfer Site
 - These funds were previously appropriated in the general fund operating budget, but in anticipation of spending these funds over multiple fiscal years

Town Council Business Meeting
December 6, 2022

it is recommended to transfer the funds to a PAYGO project account for financial reporting purposes.

- **Amendment 4-** Adopt Waste Water Project Ordinance (22-36)
 - This ordinance is a technical clean-up that removes completed and closed out projects from the budget and adjusts revenue sources to match actuals.
- **Amendment 5** - Adopt Water Project Ordinance (22-37)
 - This ordinance is a technical clean-up that adjusts revenue sources for the Harnett County Booster Station project utilizing \$8M in reserves instead of revenue bonds
 - Recognizes \$6M in grant funding for the Sanford Water project
- **Amendment 6-** Adopt Grants and Special Revenue Fund Ordinance (22-38)
 - Receive \$545,943 in prior year inspections revenue from the General Fund
 - Return \$25,000 to the General Fund that was intended to be matching funds for a Police Grant that is no longer required
 - Recognize \$2,000,000 in State Grant funds that are a pass through for the Fujifilm Diosynth Biotechnologies Company Performance Agreement
 - Receive \$500 for the EV Charging Station Project
- **Amendment 7-** Adopt Street and Sidewalk Project Ordinance (22-39)
 - This ordinance is a technical clean-up that removes completed and closed out projects from the budget as well as recognizes actual revenues from previous transfers in to the project fund per Town Council guidance at the 2022 Council Retreat
- **Amendment 8-** Adopt Utility Capital Reserve Ordinance (22-40)
 - This ordinance is to create a single Utility Capital Reserve Ordinance by merging the existing separate Water and Waste Water Capital Reserves.

Background:

- Capital project ordinances appropriate the full amounts for all corresponding projects approved by the Town Council.
- As projects are completed and closed out by the Finance Department, the project budgets are reduced to close-out and zero the associated project budgets
- On a quarterly basis, staff submit amendments to make technical corrections, recognize appropriate revenues, and make budget adjustments in alignment with guidance from Town Council.
- **Amendment 1** - Is a Town Manager Approved amendment that does not change the total appropriation and only utilizes existing Town Council approved funds for furniture, fixtures, and equipment for approved positions.
- **Amendment 2** - General Fund operating budget amendments:
 - In the current approved budget, Council approved \$125,000 for a Public Works yard waste transfer site; staff anticipate expenses for this to potentially cross over into next fiscal year and for financial reporting purposes need to transfer these funds to a PAYGO project account.
 - Annually, inspection revenues received over expenses from the prior fiscal year are transferred to a project account for financial reporting purposes.
 - In September, Council approved a transfer of \$25,000 from the Police Department for matching funds for a received state grant. Staff have since received guidance from the grantor that matching funds are not required and thus the funds can be returned to the Police Department operating budget.
 - Transferring \$500 for incidental project costs related to the EV charging station to

the appropriate project account in the grants and special revenue fund

- **Amendment 3** - PAYGO Capital Project Ordinance (22-34) - This ordinance increases the previous total fund appropriation of \$6,551,750 by \$125,000 for a Public Works Yard Waste Transfer Site, bringing the total PAYGO appropriation to \$6,676,750.
- **Amendment 4** - Waste Water Project Ordinance (22-36) - This ordinance reduces the previous total fund appropriation of \$77,612,570 by \$61,170,240 from completed projects leaving an existing approved budget of \$16,442,330.
- **Amendment 5** - Water Capital Project Ordinance (22-37) - This ordinance increases the previous total fund appropriation of \$46,189,750 by \$6,000,000 in grant funding for a new total appropriation of \$52,189,750
- **Amendment 6** - Grants and Special Revenue Fund Ordinance (22-38) - This ordinance increases the previous total fund appropriation of \$2,741,324 by \$2,521,443 for a new total appropriation of \$5,262,767. Changes include:
 - Receiving \$545,943 in inspections revenues from the general fund
 - Returning \$25,000 to the Police Department operating budget for grant matching funds that are no longer required per the grantor
 - Appropriating \$2,000,000 as a pass through grant from the State for the Fujifilm Diosynth Biotechnologies Company Performance Agreement
 - Receiving \$500 from the general fund for the EV charging station project
- **Amendment 7** - Street and Sidewalk Project Ordinance (22-39) - this ordinance reduces the previous total fund appropriation of \$104,555,432 by \$30,524,941 for a new total appropriation of \$74,030,491. Changes include:
 - Removing \$31,924,941 in budget from closed out and completed projects
 - Adding \$1.4M transfer in from Street Reserves per the approved Town Council funding strategy for street projects at the 2022 Town Council Retreat
- **Amendment 8** - Utility Capital Reserve Ordinance (22-40) - this ordinance appropriates \$3M in transfers from the existing Water and Sewer Reserves to establish a merged Utility Capital Reserve fund.

Funding Source(s):

Amendments 1 and 2 - General Fund Operating Budget

Amendments 3 through 8 - Capital Project and Reserve Funds

Attachment(s):

1. Amendment 1 - Town Manager Approved (For Reporting Purposes)
2. Amendment 2 - FY23 Q2 Amendments
3. Amendment 3 - PAYGO Project Ordinance (22-34)
4. Amendment 4 - Waste Water Capital Project Ordinance (22-36)
5. Amendment 5 - Water Projects Capital Ordinance (22-37)
6. Amendment 6 - Grants and Special Revenue Ordinance (22-38)
7. Amendment 7 - Street and Sidewalk Project Ordinance (22-39)
8. Amendment 8 - Utility Capital Reserve Ordinance (22-40)

Town of Holly Springs FY2022-23 Budget Amendment Request

BE IT ORDAINED by the Town Council of the Town of Holly Springs, North Carolina, that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2023.

Department: Administration

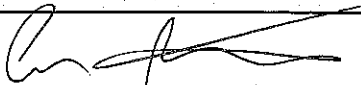
Date: 11/4/2022

Reason for Budget Amendment:

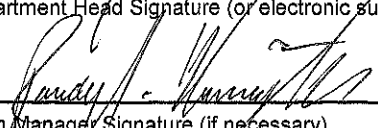
Moving funds to appropriate department accounts for office moves and FFE purchases related to new positions approved in the FY23 Budget.

Expense			
Account #	Account Description	Increase	Decrease
10-412-15-12.01	Admin - Budget - Professional Services		\$ 10,000
10-412-13-62.04	Town Attorney - Department Supplies	\$ 5,800	
10-412-12-62.04	Human Resources - Department Supplies	\$ 4,200	
10-412-11-62.04	Town Manager's Office - Department Supplies		\$ 4,600
10-412-12-62.04	Human Resources - Department Supplies	\$ 4,600	
Total Expense:		\$ 14,600	\$ 14,600

Revenue			
Account #	Account Description	Increase	Decrease
Total Revenue:		\$ -	\$ -


Department Head Signature (or electronic submission)

Finance Director Signature (if necessary)


Town Manager Signature (if necessary)

Council Approved/Notified (if necessary)

Town Manager is authorized to transfer within a department without prior approval of Town Council.
 Town Manager is authorized to approve transfers between departments within the same fund up to \$50,000.
 All inter-departmental transfers will be reported to Town Council by the following month.
 Amendments that change the total budget or departmental transfers over \$50,000 require Town Council approval.

Town of Holly Springs FY2022-23 Budget Amendment Request

BE IT ORDAINED by the Town Council of the Town of Holly Springs, North Carolina, that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2023.

Department: Administration **Date:** 11/16/2022

Reason for Budget Amendment:

Quarterly budget amendment for technical clean-ups and transfers to project accounts.

Expense			
Account #	Account Description	Increase	Decrease
10-422-24-12.05	Public Works Solid Waste - Contract Services		\$ 125,000
10-95.11	Transfers Out to PAYGO	\$ 125,000	
10-95	Transfers Out (Inspections Revenue)	\$ 545,943	
10-95	Transfers Out		\$ 25,000
10-418-18-01.01	Police Department - Salaries and Wages	\$ 25,000	
10-410-12.05	Central Service Contract Services		\$ 500
10-95	Transfer Out (to Grant and Special Revenue Fund)	\$ 500	
Total Expense:		\$ 696,443	\$ 150,500

Revenue			
Account #	Account Description	Increase	Decrease
10-360.12	General Fund - Inspections Restricted Balance	\$ 545,943	
Total Revenue:		\$ 545,943	\$ -

Department Head Signature (or electronic submission)

Finance Director Signature (if necessary)

Town Manager Signature (if necessary)

Council Approved/Notified (if necessary)

Town Manager is authorized to transfer within a department without prior approval of Town Council.

Town Manager is authorized to approve transfers between departments within the same fund up to \$50,000.

All inter-departmental transfers will be reported to Town Council by the following month.

Amendments that change the total budget or departmental transfers over \$50,000 require Town Council approval.



Ordinance No. 22-34

Date Submitted: December 6, 2022

Date Adopted: December 6, 2022

**PAYGO Capital Project Ordinance
HOLLY SPRINGS, NORTH CAROLINA**

BE IT ORDAINED by the Town Council of Holly Springs, North Carolina, that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

SECTION I: The project authorized by this ordinance consists of general government “pay-as-you-go” (PAYGO) capital projects related to downtown development, public facilities, Town projects, sidewalk and streets, Americans with Disabilities Act (ADA) improvements, vehicle replacements, park and playground amenities, public works projects, and one-time general government capital projects, infrastructure, and equipment.

SECTION II: The officers of this unit are hereby directed to proceed with the capital project within the terms of the budget contained herein.

SECTION III: PAYGO Fees shall be deposited directly into the fund effective December 6, 2022

PAYGO Fund	
Expenditures:	
Sidewalks and Street Projects	2,725,000
Town Projects	2,220,163
Public Facility Projects	754,893
Park and Playground Amenities	350,000
Vehicle Replacements	261,000
ADA Projects	155,000
Public Works Projects	125,000
Downtown Development	85,694
Total	6,676,750

SECTION IV: The following revenues are anticipated to be available to complete these projects:

PAYGO Fund	
Revenues:	
General Government Revenues	6,486,162
Federal Grants	190,588
Total	6,676,750

SECTION V: The Finance Officer hereby directed to maintain within the project funds detailed accounting records.

SECTION VI: The Budget Officer is directed to include a detailed analysis of the past and future costs and revenues on this capital project in every budget submission made to the Town Council.

SECTION VII: The Town Manager or designee is authorized to amend expenditures within the fund for expenditures that are authorized per section I of this ordinance that do not change the total appropriation within the fund.

SECTION VIII: Copies of this capital project ordinance shall be furnished to the Clerk to the Town Council, and to the Budget Officer and the Finance Officer for direction in carrying out this project.

SECTION IX: All ordinances in conflict with this ordinance are hereby repealed or amended to reflect the controlling nature of this Ordinance.

The provisions of this ordinance shall become effective December 6, 2022 in accordance with the laws of the State of North Carolina.

Adopted this, the 6th day of December 2022.

Town of Holly Springs by

Sean Mayefskie, Mayor

ATTEST:

Linda McKinney, Town Clerk





Ordinance No. 22-36

Date Submitted: December 6, 2022

Date Adopted: December 6, 2022

**Waste Water Capital Project Ordinance
HOLLY SPRINGS, NORTH CAROLINA**

BE IT ORDAINED by the Town Council of Holly Springs, North Carolina, that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

SECTION I: The project authorized by this ordinance consists of Waste Water system projects.

SECTION II: The officers of this unit are hereby directed to proceed with the capital projects within the terms of the budget contained herein.

SECTION III: The following amounts are appropriated for the project funds effective December 6, 2022

Waste Water Fund	
Expenditures:	
Waste Water Projects	16,442,330
Total	16,442,330

SECTION IV: The following revenues are anticipated to be available to complete these projects:

Waste Water Fund	
Revenues:	
Transfer In	6,482,330
Federal Grants and Reimbursements	5,960,000
State Grants and Reimbursements	4,000,000
Total	16,442,330

SECTION V: The Finance Officer hereby directed to maintain within the project funds detailed accounting records.

SECTION VI: The Budget Officer is directed to include a detailed analysis of the past and future costs and revenues on this capital project in every budget submission made to the Town Council.

SECTION VII: The Town Manager or designee is authorized to amend expenditures within the fund for expenditures that are authorized per section I of this ordinance that do not change the

total appropriation within the fund.

SECTION VIII: Copies of this capital project ordinance shall be furnished to the Clerk to the Town Council, and to the Budget Officer and the Finance Officer for direction in carrying out this project.

SECTION IX: All ordinances in conflict with this ordinance are hereby repealed or amended to reflect the controlling nature of this Ordinance.

The provisions of this ordinance shall become effective December 6, 2022 in accordance with the laws of the State of North Carolina.

Adopted this, the 6th day of December 2022.

Town of Holly Springs by

ATTEST:

Sean Mayefskie, Mayor

Linda McKinney, Town Clerk





Ordinance No. 22-37

Date Submitted: December 6, 2022

Date Adopted: December 6, 2022

**Water Capital Project Ordinance
HOLLY SPRINGS, NORTH CAROLINA**

BE IT ORDAINED by the Town Council of Holly Springs, North Carolina, that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

SECTION I: The project authorized by this ordinance consists of Water system projects.

SECTION II: The officers of this unit are hereby directed to proceed with the capital project within the terms of the budget contained herein.

SECTION III: The following amounts are appropriated for the project funds effective December 6, 2022

Water Project Fund	
Expenditures:	
Water Projects	52,189,750
Total	52,189,750

SECTION IV: The following revenues are anticipated to be available to complete these projects:

Water Project Fund	
Revenues:	
Transfers In	23,002,720
State Grants	13,760,000
Private Contributions	9,927,030
Federal Grants	5,500,000
Total	52,189,750

SECTION V: The Finance Officer hereby directed to maintain within the project funds detailed accounting records.

SECTION VI: The Budget Officer is directed to include a detailed analysis of the past and future costs and revenues on this capital project in every budget submission made to the Town Council.

SECTION VII: The Town Manager or designee is authorized to amend expenditures within the fund for expenditures that are authorized per section I of this ordinance that do not change the total appropriation within the fund.

SECTION VIII: Copies of this capital project ordinance shall be furnished to the Clerk to the Town Council, and to the Budget Officer and the Finance Officer for direction in carrying out this project.

SECTION IX: All ordinances in conflict with this ordinance are hereby repealed or amended to reflect the controlling nature of this Ordinance.

The provisions of this ordinance shall become effective December 6, 2022 in accordance with the laws of the State of North Carolina.

Adopted this, the 6th day of December 2022.

Town of Holly Springs by

Sean Mayefskie, Mayor

ATTEST:

Linda McKinney, Town Clerk





Ordinance No. 22-38

Date Submitted: December 6, 2022

Date Adopted: December 6, 2022

**Grants and Special Revenue Fund Project Ordinance
HOLLY SPRINGS, NORTH CAROLINA**

BE IT ORDAINED by the Town Council of Holly Springs, North Carolina, that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

SECTION I: The project authorized by this ordinance consists of general government projects funded by donations, grants, and local, state, and federal restricted funds.

SECTION II: The officers of this unit are hereby directed to proceed with the capital project within the terms of the budget contained herein.

SECTION III: The following amounts are appropriated for the project funds effective December 6, 2022

Grant and Special Revenue Fund	
Expenditures:	
Code Enforcement	2,526,455
Police	370,858
General Government	2,320,691
Parks and Recreation	44,763
Total	5,262,767

SECTION IV: The following revenues are anticipated to be available to complete these projects:

Grant and Special Revenue Fund	
Revenues:	
General Fund Transfers In	2,547,761
Other Grants and Donations	2,370,948
Federal Grants	331,085
Miscellaneous Revenues	12,973
Total	5,262,767

SECTION V: The Finance Officer hereby directed to maintain within the project funds detailed accounting records.

SECTION VI: The Budget Officer is directed to include a detailed analysis of the past and future costs and revenues on this capital project in every budget submission made to the Town Council.

SECTION VII: The Town Manager or designee is authorized to amend expenditures within the fund for expenditures that are authorized per section I of this ordinance that do not change the total appropriation within the fund.

SECTION VIII: Copies of this capital project ordinance shall be furnished to the Clerk to the Town Council, and to the Budget Officer and the Finance Officer for direction in carrying out this project.

SECTION IX: All ordinances in conflict with this ordinance are hereby repealed or amended to reflect the controlling nature of this Ordinance.

The provisions of this ordinance shall become effective December 6, 2022 in accordance with the laws of the State of North Carolina.

Adopted this, the 6th day of December 2022.

Town of Holly Springs by

Sean Mayefskie, Mayor

ATTEST:

Linda McKinney, Town Clerk





Ordinance No. 22-39

Date Submitted: December 6, 2022

Date Adopted: December 6, 2022

**Street and Sidewalk Capital Project Ordinance
HOLLY SPRINGS, NORTH CAROLINA**

BE IT ORDAINED by the Town Council of Holly Springs, North Carolina, that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

SECTION I: The project authorized by this ordinance consists of street and sidewalk projects.

SECTION II: The officers of this unit are hereby directed to proceed with the capital project within the terms of the budget contained herein.

SECTION III: The following amounts are appropriated for the project funds effective December 6, 2022

Street and Sidewalk Project Fund	
Expenditures:	
Street and Sidewalk Projects	74,030,491
Total	74,030,491

SECTION IV: The following revenues are anticipated to be available to complete these projects:

Street and Sidewalk Project Fund	
Revenues:	
General Obligation Bond Proceeds	43,210,306
Intergovernmental / State Grants	19,162,598
Transfers In	8,481,087
Limited Obligation Bond Proceeds	2,500,000
Developer Contributions	676,500
Total	74,030,491

SECTION V: The Finance Officer hereby directed to maintain within the project funds detailed accounting records.

SECTION VI: The Budget Officer is directed to include a detailed analysis of the past and future costs and revenues on this capital project in every budget submission made to the Town Council.

SECTION VII: The Town Manager or designee is authorized to amend expenditures within the fund for expenditures that are authorized per section I of this ordinance that do not change the total appropriation within the fund.

SECTION VIII: Copies of this capital project ordinance shall be furnished to the Clerk to the Town Council, and to the Budget Officer and the Finance Officer for direction in carrying out this project.

SECTION IX: All ordinances in conflict with this ordinance are hereby repealed or amended to reflect the controlling nature of this Ordinance.

The provisions of this ordinance shall become effective December 6, 2022 in accordance with the laws of the State of North Carolina.

Adopted this, the 6th day of December 2022.

Town of Holly Springs by

Sean Mayefskie, Mayor

ATTEST:

Linda McKinney, Town Clerk





Ordinance No. 22-40

Date Submitted: December 6, 2022

Date Adopted: December 6, 2022

**Utility Capital Reserve Fund
HOLLY SPRINGS, NORTH CAROLINA**

BE IT ORDAINED by the Town Council of Holly Springs, North Carolina, that, pursuant to Section 18 of Chapter 159 of the General Statutes of North Carolina, the following capital reserve fund ordinance is hereby adopted:

SECTION I: The Town Council hereby creates a capital reserve fund for the purpose of acquiring land, making capital improvements to land and facilities, and purchasing, constructing, or maintaining capital equipment or facilities for utility system purposes.

SECTION II: This fund will remain operational until closed by resolution or ordinance of the governing body.

SECTION III: Utility fund revenues as identified will be transferred into this fund effective December 6, 2022.

SECTION IV: The following amounts are appropriated for the capital reserve fund:

Water Capital Reserve Fund	
Expenditures:	
Transfers Out	3,000,000
Total	3,000,000

SECTION V: The following revenues are anticipated to be available to complete these projects:

Water Capital Reserve Fund	
Revenues:	
Utility Revenues	3,000,000
Total	3,000,000

SECTION VI: Copies of this ordinance shall be furnished to the Clerk to the Town Council, and to the Budget Officer and the Finance Officer for direction in carrying out this project.

SECTION VII: All ordinances in conflict with this ordinance are hereby repealed or amended to reflect the controlling nature of this Ordinance.

The provisions of this ordinance shall become effective December 6, 2022 in accordance with the laws of the State of North Carolina.

Adopted this, the 6th day of December 2022.

Town of Holly Springs by

Sean Mayefskie, Mayor

ATTEST:

Linda McKinney, Town Clerk





Holly Springs Town Council

Town Council Meeting Agenda Cover Sheet

Agenda Item#: 11.

Consent Agenda

Title: Position Reclassification of Public Works Concrete Crew Leader to Fleet Technician

Strategic Priority Area: Organizational Excellence

Staff Resource: Paige Scott, Director, Public Works

Action(s):

Approve reclassification of Public Works Technician Concrete Crew (position #422-038) Leader to Fleet Technician

Explanation:

- Public Works has experienced a high degree of difficulty recruiting concrete technicians over the past 12 months who have experience repairing and forming concrete.
- As a result of the hiring challenges at the concrete technician level, Public Works has not advertised the Concrete Crew Leader position.
- Public Works has pivoted the hiring approach for new concrete technicians by implementing a trainee program.
- The trainee program has allowed the concrete team to hire hard-working and dependable applicants that do not meet the minimum qualifications in an effort to teach and develop a team of qualified concrete technicians.
- The operational impact on the concrete team from the reclassified position will be absorbed by collaboration with the Streets team to ensure that sidewalk concrete projects are still moving forward.
- Public Works has determined that a more immediate staffing need resides within the Fleet division.
- Currently, with 4 full-time employees in Fleet, the unit maintains and supports 300 pieces of equipment and vehicles town-wide. Since May 2022, the Public Works Fleet division has employed a part-time, temporary fleet technician. The part-time employee assignment ends in December 2022.
- Work orders completed in the Fleet shop have improved by 108% with the hiring of a fleet supervisor and part-time staff. Even with this enhanced staffing and improved performance, backlogs on vehicles repairs continue to exist.
- Reclassifying this position and reallocating it to the Fleet division will help reduce vehicle and equipment downtime and help to minimize the backlog.

Background:

- Reclassification requests are typically made through the annual budget process. However, periodic reclass considerations outside the budget process are necessary to address strategic or particularly unique circumstances.
- Position reclassification involves changing an existing, Council-approved position's duties,

Town Council Business Meeting
December 6, 2022

responsibilities, job title, and salary grade.

- As a result of the Pay and Classification Study, the fleet technician position was set up as a career ladder classification with levels I-III (salary grades F-H). This provides flexibility for the Public Works department to hire appropriate talent levels for the Town's fleet maintenance needs and provides growth opportunity for the employee.

Funding Source(s):

This request will be funded with the existing concrete crew leader position's budgeted salary.

Attachment(s):

None



Holly Springs Town Council

Town Council Meeting Agenda Cover Sheet

Agenda Item#: 12.

Consent Agenda

Title: Retirement of LEO Service Weapon, Badge, and K-9 to Sgt. Denton

Strategic Priority Area: Organizational Excellence

Staff Resource: Brent Quick

Action(s):

Adopt Resolution 22-35 authorizing the award of badge and sale of service side arm to retiring police Sergeant Keith Denton per North Carolina General Statute 20-187.2, and retire K-9 officer Ziggy.

Explanation:

- The surplus of a service weapon is often done in recognition of a retiring law enforcement officer.
- Due to the retirement of Sgt. Keith Denton on November 28, 2022, staff is requesting the surplus of his service weapon.
- K-9 officer Ziggy has fulfilled his service life and is set for retirement. Staff is requesting he be declared surplus and transfer ownership to Sgt. Denton.

Background:

- North Carolina General Statute 20-187.2 permits the Town, upon request, to donate the badge and sell the service side arm to a retiring law enforcement officer upon securing such a permit required by law or without such permit if the weapon has been rendered incapable of being fired.

Funding Source(s):

N/A

Attachment(s):

1. Ziggy Surplus
2. 22-35 Authorizing surplus of badge & sake if firearm - Keith Denton



HOLLY SPRINGS POLICE DEPARTMENT
HOLLY SPRINGS, NC 27540
919.557.9111 (FAX) 919.552.3175

To: Town of Holly Springs Sean Mayefskie and Town Council

Cc: Town of Holly Springs Finance Director Antwan Morrison

From: Paul Liquorie, Chief of Police

Subject: Memorandum of Understanding – Surplus of Canine Asset Ziggy to Handler Sgt. Keith Denton

Date: November 2, 2022

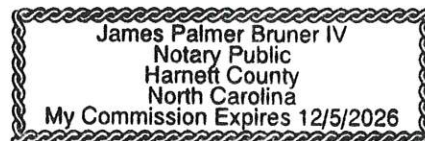
To whom it may concern, Canine *Ziggy*, a nine-year-old Belgian Malinois and asset of the Town of Holly Springs has reached the end of his working life with the police department and as such, is considered surplus property by the Town in accordance with the provisions of Town of Holly Springs town ordinance and North Carolina General Statute 160A-266(c).

Ziggy's handler, Sgt. Keith Denton, will be granted ownership of the dog and will assume all rights and responsibilities pertaining to the feeding, housing, general upkeep, veterinary care, and all other financial liabilities as they concern the animal. Any and all liabilities incurred by the animal from this day forward will be the sole responsibility of Sgt. Denton and as such, Sgt. Denton agrees to hold harmless the Town of Holly Springs and any of its subdivided entities for any possible damages to any person or property that may occur as a result of his acceptance of the animal as his own personal property.

Paul J. Liquorie
 Paul J. Liquorie, Chief of Police

Keith Denton
 Keith Denton, Sergeant

State of North Carolina }
 County of Wake }



I, James Palmer Bruner IV, Notary Public, do hereby certify that PAUL J. LIQUORIE / KEITH DENTON
 [Name of Individual(s) Whose Acknowledgement is Being Taken] personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official seal this 2ND day of NOVEMBER, 2022.

My Commission Expires: 12/5/2026

James P. Bruner IV
 Official Signature of Notary

James P. Bruner IV
 Notary's Printed Name



Resolution No. 22-35

Date Adopted: December 6, 2022

Effective Date: December 6, 2022

**RESOLUTION AUTHORIZING AWARD OF BADGE AND SALE OF
SERVICE SIDE ARM TO A RETIRING LAW ENFORCEMENT OFFICER**

WHEREAS, the Town Council of the Town of Holly Springs, North Carolina, has determined that the Town owns certain personal property which has become surplus for the current needs of the Town, to wit: the side service arm of Sergeant Keith Denton, who is a retiring law enforcement officer with the Town; and

WHEREAS, North Carolina General Statute §20-187.2 permits the Town, upon request, to donate the badge worn by a law enforcement officer to said officer upon retirement; and

WHEREAS, North Carolina General Statute §20-187.2 permits the Town, upon request, to sell the service side arm to the retiring law enforcement officer upon securing such a permit required by law or without such permit if the weapon has been rendered incapable of being fired;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF HOLLY SPRINGS, NORTH CAROLINA that a Glock 17, 9mm weapon with serial number ZTZ765 is declared surplus to the needs of the Town of Holly Springs; and

BE IT FURTHER RESOLVED that, to honor the service of Sergeant Keith Denton as a law enforcement officer, the Town Council of Holly Springs authorizes the Town Manager to donate the badge worn by said officer, and further authorizes the sale of the following service side arm, which is declared surplus, to said officer for the price of \$1.00, with the payment of said purchase price to be waived in consideration of this officer's loyal service to the citizens of Holly Springs; and

BE IT FURTHER RESOLVED that property described in this resolution is surplus as of December 6, 2022.

Adopted by the Holly Springs Town Council on this, the 6th day of December, 2022.

Town of Holly Springs by

ATTEST:

Sean Mayefskie, Mayor

Linda McKinney, Town Clerk





Holly Springs Town Council

Town Council Meeting Agenda Cover Sheet

Agenda Item#: 13.

Consent Agenda

Title: Retirement of LEO Service Weapon, and Badge to Sergeant Gledhill

Strategic Priority Area: Organizational Excellence

Staff Resource: Brent Quick

Action(s):

Adopt Resolution 22-36 authorizing the award of badge and sale of service side arm to retiring police Sergeant Dan Gledhill per North Carolina General Statute 20-187.2.

Explanation:

- The surplus of a service weapon is often done in recognition of a retiring law enforcement officer.
- Due to the retirement of Sgt. Dan Gledhill on December 30, 2022, staff is requesting the surplus of his service weapon.

Background:

- North Carolina General Statute 20-187.2 permits the Town, upon request, to donate the badge and sell the service side arm to a retiring law enforcement officer upon securing such a permit required by law or without such permit if the weapon has been rendered incapable of being fired.

Funding Source(s):

N/A

Attachment(s):

1. 22-36 Surplus Badge & authorize sale of firearm - Dan Gledhill



Resolution No. 22-36

Date Adopted: December 6, 2022

Effective Date: December 6, 2022

**RESOLUTION AUTHORIZING AWARD OF BADGE AND SALE OF
SERVICE SIDE ARM TO A RETIRING LAW ENFORCEMENT OFFICER**

WHEREAS, the Town Council of the Town of Holly Springs, North Carolina, has determined that the Town owns certain personal property which has become surplus for the current needs of the Town, to wit: the side service arm of Sergeant Dan Gledhill, who is a retiring law enforcement officer with the Town; and

WHEREAS, North Carolina General Statute §20-187.2 permits the Town, upon request, to donate the badge worn by a law enforcement officer to said officer upon retirement; and

WHEREAS, North Carolina General Statute §20-187.2 permits the Town, upon request, to sell the service side arm to the retiring law enforcement officer upon securing such a permit required by law or without such permit if the weapon has been rendered incapable of being fired;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF HOLLY SPRINGS, NORTH CAROLINA that a Glock 17, 9mm weapon with serial number ZTZ757 is declared surplus to the needs of the Town of Holly Springs; and

BE IT FURTHER RESOLVED that, to honor the service of Sergeant Dan Gledhill as a law enforcement officer, the Town Council of Holly Springs authorizes the Town Manager to donate the badge worn by said officer, and further authorizes the sale of the following service side arm, which is declared surplus, to said officer for the price of \$1.00, with the payment of said purchase price to be waived in consideration of this officer's loyal service to the citizens of Holly Springs; and

BE IT FURTHER RESOLVED that property described in this resolution is surplus as of December 6, 2022.

Adopted by the Holly Springs Town Council on this, the 6th day of December, 2022.

Town of Holly Springs by

ATTEST:

Sean Mayefskie, Mayor

Linda McKinney, Town Clerk





Holly Springs Town Council

Town Council Meeting Agenda Cover Sheet

Agenda Item#: 14.

Consent Agenda

Title: Fujifilm Diosynth Biotechnologies Company Performance Agreement

Strategic Priority Area: Economic Prosperity & Diversity

Staff Resource: Irena Krstanovic, Director, Economic Development

Action(s):

- Approve Company Performance Agreement (CPA) between Fujifilm Diosynth Biotechnologies and the Town of Holly Springs.
- Authorize Town Manager, Attorney, and Finance Director to sign and execute the agreement, and receive funds when made available by the Department, and distribute according to the terms of the CPA.

Explanation:

- The One North Carolina Fund grant was one incentive offered as part of a state-wide Economic Development incentive package to attract Fujifilm Diosynth Biotechnologies to North Carolina.
- Upon Fujifilm's announcement to locate in Holly Springs, the One North Carolina Fund grant in the amount of \$2M was offered to the company as part of the overall incentive package for the project.
- The Company Performance Agreement (CPA) outlines the minimum performance requirements Fujifilm must meet in order to receive the \$2M grant as well as outlines grant disbursement criteria.
- This agreement serves as a requirement for the company to receive \$2 Million from the North Carolina Department of Commerce through the "NC One" grant. The funds would be paid to the Town, then the Town would make a grant to the company in that amount for the installation of infrastructure needed to serve the company's operations within town.
- The grant has been approved by the Department of Commerce (DOC) for disbursement to the Town. Up to a total amount of \$2M will be disbursed by the DOC to the Town in three installments based on company performance, tied to creation and maintenance of new jobs and satisfaction of performance criteria outlined in the CPA.
- The Town acts as a pass-through entity between the DOC and the company.

Background:

- The One North Carolina Fund (OneNC) is a discretionary cash-grant program that allows the Governor to respond quickly to competitive job-creation projects. The North Carolina Department of Commerce administers OneNC on behalf of the Governor.

- Fujifilm Diosynth Technologies announced Holly Springs as its chosen location in March 2021.
- The company has proposed to make a capital investment of \$2B and create 725 jobs in Holly Springs.
- The Town Council approved Fujifilm's Development Plan on December 7, 2021.
- Fujifilm Diosynth Biotechnologies is under construction and provided an update at the July 19, 2022 Council meeting.

Funding Source(s):

Grant funds of \$2M to be received from the Department of Commerce.

Attachment(s):

1. FujiFilm Diosynth CPA 3-18-2021 FINAL_TOWN COUNCIL EDITION

COMPANY PERFORMANCE AGREEMENT

THE ONE NORTH CAROLINA FUND

STATE OF NORTH CAROLINA

COUNTY OF WAKE

This Company Performance Agreement (the “**CPA**”) is effective the 18th day of March, 2021 (the “**Effective Date**”), by, between, and among FUJIFILM Diosynth Biotechnologies North Carolina, Inc., a Delaware corporation (the “**Company**”), and FUJIFILM Holdings America Corporation, a Delaware corporation, a (the “**Guarantor**”), who, together with the Company shall be jointly and severally liable for the obligations under this CPA, and the Town of Holly Springs, North Carolina (the “**Local Government**,” and, together with the Company and the Guarantor, the “**Parties**”). The Company and the Guarantor are hereinafter collectively referred to as the “**Company Parties**,” and each a “**Company Party**.”

WITNESSETH:

WHEREAS, the Local Government has applied for a One North Carolina Fund grant from the North Carolina Department of Commerce (the “**DOC**”); and

WHEREAS, a One North Carolina Fund grant award in the amount of Two Million Dollars (\$2,000,000) (the “**Grant**”) has been negotiated and agreed to by the DOC and the Parties; and

WHEREAS, the Grant has been approved by the DOC for disbursement to the Local Government pursuant to the terms of the One North Carolina Fund Local Government Grant Agreement between the Local Government and the DOC (the “**LGGA**”); and

WHEREAS, the Company has received a Job Development Investment Grant (“**JDIG**”) for the Project (defined below) from the North Carolina Economic Investment Committee (the “**EIC**”), which JDIG award is governed by the terms of a Community Economic Development Agreement, also effective on the Effective Date (the “**CEDA**”); and

WHEREAS, the Grant is to be used by the Company toward the goal of creating Seven Hundred Twenty-Five (725) new jobs (the “**Target New Jobs**”), which shall be permanent full-time jobs (each, a “**New Job**”), between the Effective Date and December 31, 2028; and

WHEREAS, the Grant is to be used toward the goal of creating One Billion Five Hundred Million Dollars (\$1,500,000,000) (the “**Target Investment**”) in new investment in the State of North Carolina; and

WHEREAS, the Company Parties have represented that the Grant is necessary to enable the investment and job creation by the Company to occur and go forward in North Carolina; and

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New & Retained Jobs
Company; Guarantor
JDIG+One NC
Form 9-1-12*

WHEREAS, the Grant will enable retention of Six Hundred Sixty-Four (664) permanent full time jobs (the “**Retained Jobs**”), which is the total number of positions the Company and FUJIFILM Diosynth Biotechnologies U.S.A., Inc., a Delaware corporation (the “**Affiliated Entity**”), maintained in North Carolina prior to the Effective Date; and

WHEREAS, the Grant will stimulate economic activity and create new jobs for the citizens of the State of North Carolina; and

WHEREAS, the Grant is issued pursuant to and subject to the terms of N.C. Gen. Stat. § 143B-437.70 *et seq.* and the Guidelines and Procedures for Commitment of Funds from the One North Carolina Fund (the “**Program Guidelines**”); and

WHEREAS, the Guarantor has agreed to guarantee the performance and obligations of the Company hereunder, and its guaranty is made for the benefit of the DOC and the Local Government and to induce the DOC and the Local Government to enter into this CPA, in consideration of the benefits provided to the Company and to the Guarantor by virtue of its ownership interests; and

WHEREAS, pursuant to, *inter alia*, N.C. Gen. Stat. §§ 143B-437.07 and 143B-437.72(b), as these statutes may be amended from time to time, the DOC is required to submit regular reports to the North Carolina General Assembly regarding operation of the One North Carolina Fund and the performance and funding requirements for each One North Carolina Fund grant awarded;

NOW, THEREFORE, in consideration of the representations set forth above and the mutual covenants and promises set forth below, the Company, the Guarantor, and the Local Government hereby agree as follows:

1.0 PERFORMANCE CRITERIA

In order to be eligible for the full amount of the Grant, the Company must fulfill the following requirements:

- 1.1 The Company shall undertake and operate in a timely manner the following project at the following location (the “**Project**”):

A plant (the “**Facility**”) at which the Company will manufacture biopharmaceutical products to be located in or around the town of Holly Springs in Wake County, North Carolina.

- 1.2 The Company and Affiliated Entity shall maintain their current operations at their facilities in North Carolina and a base level of Retained Jobs in North Carolina, in addition to any New Jobs to be created as part of this CPA.

- 1.3 The Company, together with the Affiliated Entity, if applicable, shall make good faith efforts to create and maintain the Target New Jobs as part of the Project, as described in the Company’s application to the DOC (the “**Company Application**”). The New Jobs must be filled by employees hired for the Project on or after the Effective Date who work for at least thirty-five (35) hours per week and whose wages are subject to withholding under Article 4A of Chapter 105 of the General Statute. Independent contractors, consultants, seasonal, and temporary employees are not to be included as New Jobs. In order to be eligible to receive the full Grant, the Company must create four hundred twenty-eight (428) New Jobs, between the Effective Date and December 31, 2026 (the “**Closeout Date**,” with the period between the Effective Date and the Closeout Date, the “**Grant Eligibility Period**”). In order to retain the full Grant amount received, the Company

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must create six hundred and fifty-three (653) New Jobs by December 31, 2028 (“the **Required New Jobs**”), which Required New Jobs must be retained at least through December 31, 2029 (the period between the Effective Date and December 31, 2029, the (“**Grant Performance Period**.”))

The New Jobs will be new jobs and cannot be existing North Carolina positions or employees of any of the Company Parties, the Affiliated Entity, or any of their related members or affiliates that are transferred or shifted such that a previously existing North Carolina job, or a North Carolina job that was not previously part of the Project, is counted towards performance under this CPA.

- 1.4 The average weekly wage of the group of all permanent full-time jobs at the Facility, including the New Jobs, will equal or exceed One Thousand Seven Hundred Twenty-Eight Dollars (\$1,728) per week (the “**Wage Standard**”).
- 1.5 The Company shall provide health insurance for all permanent full-time employees at the Facility, including the New Jobs, in at least the minimum amount required for eligibility for tax credits under Article 3J in N.C. Gen. Stat. § 105-129.83(d).
- 1.6 The Company shall make good faith efforts to make or cause to be made the Target Investment in the form of privately funded investment in real property and/or machinery and equipment as part of the Project, and must invest or cause the investment of at least One Billion Three Hundred Fifty Million Dollars (\$1,350,000,000) by December 31, 2024 (the “**Required Investment**”) (90% of the Target Investment).
- 1.7 The proceeds of the Grant may be used only to offset statutorily qualifying expenses as set out in N.C. Gen. Stat. § 143B-437.71(b) (“**Statutorily Qualifying Expenses**”). Those expenses are installation or purchase of equipment; structural repairs, improvements, or renovations to existing buildings to be used for expansion; construction of or improvements to new or existing water, sewer, gas, or electric utility distribution lines; or equipment for existing buildings or for new or proposed buildings to be used for manufacturing and industrial operations; or such other expenses as specifically provided for by an act of the General Assembly.
- 1.8 Release of any Grant funds under this CPA is contingent on the Company providing verification that the Project has received all of its required environmental permits.

2.0 DISBURSEMENT OF GRANT

- 2.1 Proceeds of the Grant up to a total amount of Two Million Dollars (\$2,000,000) will be disbursed by the DOC to the Local Government in three installments based on performance under the Company’s CEDA, tied to creation and maintenance of the New Jobs and satisfaction of other performance criteria set out in Section 1.0 above (“**Performance Criteria**”). The number of New Jobs to be counted shall be determined as provided in paragraph 6.1 hereof. At the time of any requested disbursement (submitted within the time periods specified below), the Company must certify its performance by submitting a duly executed disbursement request and certification in the form of Exhibit A hereto (the “**Company Disbursement Request**”), and the Local Government must submit a duly executed disbursement request and certification in the form of Exhibit A to the LGGA (the “**Local Government Disbursement Request**”). In order to receive a disbursement, the Company Parties must be in compliance with the CEDA. Disbursement will occur on the following schedule and will be subject to any adjustments required by this CPA:
 - a. The first Two Hundred Fifty-Two Thousand Three Hundred Thirty-Six Dollars (\$252,336.00) of the Grant will be disbursed to the Local Government following the

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EIC's certification of the Company's grant year 2024 annual report under the CEDA, demonstrating that the Company has (i) created and retained not less than 54 New Jobs; (ii) satisfied the Wage Standard and health insurance requirements; (iii) maintained, along with the Affiliated Entity, 100% of the Retained Jobs; (iv) made Statutorily Qualifying Expenses in the amount to be disbursed; (v) obtained all required environmental permits; and (vi) made the Required Investment.

- b. The next One Million Nine Thousand Three Hundred Forty-Five Dollars (\$1,009,345.00) of the Grant will be disbursed to the Local Government following the EIC's certification of the Company's grant year 2025 annual report under the CEDA, demonstrating that the Company has (i) created and retained not less than 270 New Jobs; (ii) satisfied the Wage Standard and health insurance requirements; (iii) maintained, along with the Affiliated Entity, 100% of the Retained Jobs; (iv) made Statutorily Qualifying Expenses in the amount to be disbursed; and (v) made or caused the Required Investment.
- c. The final Seven Hundred Thirty-Eight Thousand Three Hundred Nineteen Dollars (\$738,319.00) of the Grant will be disbursed to the Local Government following the EIC's certification of the Company's grant year 2026 annual report under the CEDA, demonstrating that the Company has (i) created and retained not less than 428 New Jobs; (ii) satisfied the Wage Standard and health insurance requirements; (iii) maintained, along with the Affiliated Entity, 100% of the Retained Jobs; (iv) made Statutorily Qualifying Expenses in the amount to be disbursed; and (v) made or caused to be made the Required Investment.

Upon written receipt of the EIC's certification of the foregoing, the Local Government will submit or cause to be submitted to the DOC each Company Disbursement Request and Local Government Disbursement Request, upon proof of the creation of the required number of New Jobs and the satisfaction of all other Performance Criteria necessary for disbursement, after the Company files its annual report under its CEDA and the DOC confirms the number of New Jobs that will be certified for that year under the CEDA. Following receipt of Grant funds from the DOC, the Local Government will disburse funds to the Company.

Should it become necessary for a job created after the Effective Date to be counted by the Company as a Retained Job for purposes of establishing the base level of jobs required to be maintained by this CPA, that job may not be double-counted as a New Job.

The Company shall be eligible for Grant payments only if it creates the required minimum number of New Jobs each year by the date required, as specified in Paragraphs 2.1(a)-(c), and a Grant payment will only be made for a Grant year during the Grant Eligibility Period if the Company demonstrates compliance and the Local Government requests a disbursement by the later of (i) May 31 immediately following the particular grant year, or (ii) thirty (30) days following the date on which the DOC informs the Company that the DOC has finalized its findings for that grant year, for the Company's timely submitted and compliant JDIG annual compliance report.

- 2.2. The DOC will close out the Grant on the Closeout Date. Following the Closeout Date, a final Grant payment will be disbursed, to the extent that any Grant proceeds may be due and upon submission of a duly completed and certified Company Disbursement Request and Local Government Disbursement by the later of (i) May 31, 2027, or (ii) thirty (30) days following the DOC informing the Company that the DOC has finalized its findings on the Company's timely submitted and compliant 2026 JDIG annual compliance report for job creation as of the Closeout Date.

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New & Retained Jobs
Company; Guarantor
JDIG+One NC
Form 9-1-12*

3.0 OBLIGATION TO REPAY GRANT

- 3.1 **Failure to Provide Health Insurance.** If, at any time during the Grant Performance Period, the Company fails to provide health insurance to all permanent full-time employees at the Facility in the amount required for eligibility for tax credits under Article 3J in N.C. Gen. Stat. § 105-129.83(d), the Company will be in default under this CPA, and the Company and/or Guarantor will reimburse the DOC the total amount of the Grant previously disbursed in accordance with this CPA.
- 3.2 **Ceasing Project Operations.** If at any time during the Grant Performance Period, the Company substantially ceases operations at the Facility, the Company and/or Guarantor shall immediately repay all Grant funds previously disbursed in accordance with this CPA.
- 3.3 **Failure to Achieve Wage Standard.** If, at any time during the Grant Performance Period, the average weekly wage of the group of all permanent full-time jobs at the Facility fails to equal or exceed the Wage Standard, the Company will be in default under this CPA, no further disbursement will be made, and the Company and/or Guarantor will reimburse the DOC the total amount of the Grant previously disbursed in accordance with this CPA.
- 3.4 **Failure to Maintain Retained Jobs.** If at any time during the Grant Performance Period, the Company, together with the Affiliated Entity, if applicable, has failed to retain at least 100% of the Retained Jobs, the Company will be in default under this CPA, and the Company and/or Guarantor will reimburse the DOC the total amount of Grant funds previously disbursed.
- 3.5 **Other Failures to Comply.** The Company and/or Guarantor may be required to reimburse Grant funds previously disbursed for failure to comply with Paragraphs 6.4 and 6.16 hereof, or as provided in Paragraphs 4.1 and 5.1 hereof.
- 3.6 **Recovery of Costs.** If the Company fails to reimburse any amount payable hereunder, on demand, the Local Government and the DOC may recover the costs of collection to obtain recovery from the Company and/or Guarantor, including reasonable attorneys' fees.

4.0 ADJUSTMENTS TO GRANT ON CLOSEOUT DATE

- 4.1 If, on the Closeout Date, the Company is not in compliance with the minimum performance requirements of the CEDA, the Company will be in default under this Agreement, no final payment will be made, and the Company and/or Guarantor will reimburse the DOC the total amount of Grant funds previously provided pursuant to the CPA and LGGA.

5.0 OBLIGATIONS BEYOND CLOSEOUT DATE

- 5.1 In order to retain Grant amounts disbursed, the Company must be in compliance with CEDA requirements for 2027, 2028, and 2029, and, specifically, must create and retain not less than (a) five hundred eighty-five New Jobs as reported in the Company's 2027 JDIG annual report, and (b) six hundred fifty-three New Jobs as reported in the Company's 2028 and 2029 JDIG annual reports, and the Company Parties must otherwise be in compliance with the CEDA during the Grant Performance Period. The final, complete annual reports demonstrating compliance with the CEDA must be submitted to the DOC within the time periods required by the CEDA. If the Company fails to create and maintain the required number of New Jobs for the 2027, 2028, and 2029 performance years, or otherwise defaults on performance requirements, the Company shall

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Form 9-1-12*

reimburse the DOC a prorated amount of the Grant previously disbursed. The Company shall reimburse the DOC for any New Job shortfall at a rate of Three Thousand Sixty-Three Dollars (\$3,063) per New Job not retained, promptly upon notice from the DOC of the amount that must be repaid.

6.0 ADDITIONAL PROVISIONS

- 6.1 The DOC shall use the CEDA annual reports to ascertain compliance with this CPA, plus any additional information that may be necessary hereunder. The Company's compliance with Performance Criteria shall be attested to under oath by an officer of the Company, by certification of the Company Disbursement Request. In order to be eligible for a Grant disbursement, the complete and duly certified Company Disbursement Request and Local Government Disbursement Request must be submitted by the date specified in Paragraph 2.1 hereof. In order to retain any Grant amounts received, the Company's annual CEDA report during the Grant Performance Period must demonstrate the minimum performance requirements set forth in Paragraph 5.1 hereof.
- 6.2 If unforeseen calamity, an Act of God, or financial disaster is the cause of the Company's failure to satisfy or perform its obligations under this CPA, the Company and the Local Government may request an extraordinary modification of this CPA from the Secretary of the DOC (the "Secretary"). The Parties agree that any decision to allow such modification shall be at the sole discretion of the Secretary, that such modifications are rarely, if ever, granted, and that the Secretary's decision regarding any extraordinary modification shall be final and not subject to review or appeal.
- 6.3 By no later than March 1 following the end of each year during the later of the end of the Grant Performance Period or the date on which the Local Government provides the final funds that would bring the local matching contribution to the level provided by the Grant, the Company will submit a report to the DOC in the form of Exhibit B, documenting the Local Government contribution of eligible matching funds, through the just completed calendar year. The Company understands that the DOC is required to provide reports to the General Assembly regarding this Grant, and the DOC will rely, to the extent possible, on the information provided by the Company in its JDIG annual report, but, to the extent this information is not sufficient to provide all required information, the Company shall provide any information the DOC requests in order to produce reports or compile data required by the General Assembly.
- 6.4 The Company shall keep and maintain books, records, and other documents relating to the receipt and disbursement of the Grant and fulfillment of this CPA, including, but not limited to, records to verify employment, salaries, health insurance, investment amounts, Statutorily Qualifying Expenses, and environmental permits.

Subject to any applicable federal or North Carolina laws or regulations respecting employee privacy, the Company Parties agree that any duly authorized representative of the Local Government or the State of North Carolina, including the DOC, the Office of the North Carolina State Auditor, and the Office of State Budget and Management shall, at all reasonable times and on reasonable notice, have access to and the right to inspect, copy, audit, and examine all of the relevant books, records, and other documents relating to the Grant and the fulfillment of this CPA throughout the Grant Performance Period and for a period of six years thereafter.

If the Company Parties fail to keep and maintain books and records necessary for verifying fulfillment of this CPA, including, but not limited to, adequate records for the verification of

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employment, salaries, investment amounts, Statutorily Qualifying Expenses, and environmental permits, or if the Company Parties fail to provide access and right of inspection sufficient to verify compliance with this CPA, the Local Government or the Secretary, as applicable, may in its or her discretion, declare this CPA to be in default, withhold payments for or under this CPA or the LGGA, and/or require reimbursement of all or any portion of the Grant previously paid.

- 6.5 To the extent any information or documents gathered by or provided to the Local Government or the DOC would be regarded as confidential or not subject to disclosure under federal law or the North Carolina General Statutes (including, without limitation, N.C. Gen. Stat. §§ 132-1 *et seq.*, commonly referred to as the “**Public Records Act**”), the applicable Company Party shall clearly identify and mark them as such, and that information will, to the extent allowed by law, be treated as confidential and not subject to disclosure by the Local Government and the DOC and their authorized representatives.

The Company Parties have read and understand North Carolina’s laws regarding the treatment of public records and confidential information, including without limitation, those provisions set forth in Exhibit C.

The Company Parties shall be responsible for any and all costs, expenses, fees, or losses that they or the Local Government or the DOC or any other State entity may incur as a result of responding to or resisting any request, subpoena, legal complaint, court order, or other demand seeking to compel such party to release or disclose records, documents, or information pertaining to the Company Parties, to the extent that the Company Parties notified the State entity that it objects to such disclosure or release and the State defends against such release; and the Company Parties shall indemnify the Local Government, the DOC, and State entities and their authorized representatives for all costs associated therewith, provided that no such indemnified party shall be obligated to take any such action.

- 6.6 Notwithstanding anything herein to the contrary, the Parties acknowledge the due execution of the LGGA and agree that any conflict between the provisions, requirements, duties, or obligations of this CPA and the LGGA shall be resolved in favor of the LGGA. The Parties further agree that any conflict between the provisions, requirements, duties, or obligations of this CPA and any program documentation for this Grant other than the LGGA shall be resolved in favor of this CPA.
- 6.7 The Company Parties acknowledge that none of the North Carolina operations owned by the Company Parties or any of their related entities or affiliates shall be curtailed as a result of the Project.
- 6.8 The Company Parties shall perform and abide by all commitments they made in the Company Application, except as otherwise expressly stated herein. The Company Parties affirm their commitments made in the Company Application, and the commitments contained therein are incorporated herein by reference, as if set out in full. The Parties agree that any conflict between the provisions of this CPA and any commitments made in the Company Application to the DOC shall be resolved in favor of this CPA.
- 6.9 The Company Parties indemnify and hold harmless the Local Government, the DOC, and State entities, and their respective members, officers, directors, employees, agents, and attorneys (hereinafter collectively referred to as “Indemnified Parties”), from any claims of third parties arising out of or any act or omission of a Company Party in connection with the performance of this CPA, and for all losses arising from implementation of this CPA. Without limiting the generality of the foregoing, the Company Parties release the Indemnified Parties from, and agree

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- that such Indemnified Parties are not liable for, and agree to indemnify and hold harmless the Indemnified Parties against, any and all liability or loss, cost or expense, including, without limitation, reasonable attorneys' fees, fines, penalties, and civil judgments, resulting from or arising out of or in connection with or pertaining to, any loss or damage to property or any injury to or death of any person occurring in connection with or on or about the Facility, or resulting from any defect in the fixtures, machinery, equipment, or other property used in connection with the Project or arising out of, pertaining to, or having any connection with, the Project or the financing thereof (whether or not arising out of acts, omissions, or negligence of a Company Party or any of their agents, contractors, servants, employees, licensees, lessees, or assignees) but only to the extent such loss, cost, or expense is premised on or arises out of the Indemnified Parties' performance of this Agreement. Each Indemnified Party is an express third party beneficiary of the Company Parties' obligations under this Paragraph.
- 6.10 The representations made by the Company Parties in the Company Application or as part of the application process are incorporated herein by reference and deemed by the Parties to be material to this CPA. The Company Parties affirm these representations. The Parties agree that any conflict between any representations contained in this CPA and those representations contained in the Company Application or made as part of the One North Carolina Fund application process shall be resolved in favor of this CPA.
- 6.11 The recitals are an integral part of this CPA.
- 6.12 If a Company Party has an overdue tax debt owing to the State of North Carolina, as defined in N.C. Gen. Stat. § 105-243.1, no payments will be made under this CPA or the LGGA until that tax debt has been satisfied. If an overdue tax debt goes unsatisfied by the Company Party for more than one year, this CPA may be declared in default and terminated at the direction of the DOC.
- 6.13 The Local Government's obligation to make disbursements to the Company under this CPA is contingent upon the Local Government's receipt under the LGGA of the necessary disbursements from the DOC, which are, in turn, contingent on appropriation, allocation, and availability of funds for the Grant to the DOC.
- 6.14 This CPA constitutes a legally enforceable contract and shall be governed and construed in accordance with the laws of the State of North Carolina. The Parties agree and submit, solely for matters concerning this CPA, to the exclusive jurisdiction of the courts of North Carolina and agree, solely for such purpose, that the only venue for any legal proceedings shall be Wake County, North Carolina. The place of this CPA, and all transactions and agreements relating to it, and their situs and forum, shall be Wake County, North Carolina, where all matters, whether sounding in contract or tort, relating to its validity, construction, interpretation, and enforcement, shall be determined.
- 6.15 The Parties agree that the State of North Carolina Department of Commerce is a third party beneficiary of this CPA, and the DOC may, at its option, enforce the terms of this CPA or appear as a party in any litigation concerning it or the Grant.
- 6.16 The Company Parties shall comply with all applicable federal, state, and local laws and regulations. If the Company Parties fail to comply with any law or regulation applicable to them, the Secretary may, in her sole discretion, terminate the Grant and declare that no future Grant disbursement shall be due and payable and/or require the Company Parties to reimburse the DOC all or part of any Grant funds previously disbursed following the date of any such violation. The Secretary may determine, in her sole discretion, that where a Company Party is under investigation

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for an act involving violation of federal, state, local law or regulation, including an unresolved environmental violation, Grant funds be withheld until such time as a determination of culpability or liability is made, and, if the Company Party is determined to be in violation, the Grant may be terminated and the Company and/or Guarantor may be required to reimburse the DOC for all or part of any Grant funds previously disbursed. If such investigation is not concluded within two (2) years of the Closeout Date, the DOC may terminate the Grant.

- 6.17 Failure of the Local Government or the DOC at any time to require performance of any term or provision of this CPA shall in no manner affect the rights of the Local Government or the DOC at a later date to enforce the same or to enforce any future compliance with or performance of any of the terms or provisions hereof. No waiver of the Local Government or the DOC of any condition or the breach of any term, provision, or representation contained in this CPA, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or of the breach of that or any other term, provision, or representation.
- 6.18 The Company is encouraged to utilize the services of North Carolina small businesses and minority, female, and disabled contractors, to offer positions in connection with the Project to North Carolina residents, and to use the North Carolina state ports when reasonable and commercially practicable.
- 6.19 In addition to any rights and remedies provided to the Local Government and the DOC by law, the DOC has the right, without prior notice to the Company Parties, any such notice being expressly waived by Company Parties to the extent permitted by applicable law, upon the occurrence of any event herein which would result in the Company's and/or Guarantor's obligation to repay some or all of Grant monies disbursed hereunder (including without limitation Section 3, 4 and 5 hereof), to set-off and apply against any amounts due hereunder, any amount owing from the DOC to a Company Party. In particular, the DOC shall apply this right of setoff to reduce any amounts for which the Company may be eligible under its CEDA, by the amount of repayment due under this CPA.
- 6.20 **This Grant award shall terminate and be null and void on [REDACTED], if by that date the Company has not delivered back to the DOC two originals of this CPA, duly executed by an authorized officer of each of the Company Parties, and attested in the manner provided below. This Grant is also subject to the requirement that the Local Government deliver to the DOC one original each of the LGGA and this CPA, duly executed by an authorized official of the Local Government, within sixty (60) calendar days following the date on which the DOC sends the LGGA and CPA to the Local Government, together with a copy of the agreement with the Company governing the local incentives to be provided for the Project.**

7.0 GUARANTY

- 7.1 The Guarantor represents and warrants, as of the date hereof, and as of the date of any disbursement of Grant funds, that (a) each Company Party is duly organized, validly existing, and in good standing under the laws of the state of its registration, with power adequate for the carrying out of its businesses; (b) the execution, delivery, and performance of this CPA are within each Company Party's power and authority, and each Company Party has duly authorized, executed, and delivered this CPA; (c) this CPA is signed by an authorized representative of each Company Party and is a legally valid and binding obligation of each Company Party, enforceable against them in accordance with its terms, except as may be limited by bankruptcy, insolvency, or similar laws affecting creditors' rights; (d) it has taken or will take all actions reasonably

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- necessary to carry out and give effect to the transactions contemplated by this CPA; (e) all written statements, representations, and warranties made by or on behalf of the Company Parties to the DOC, the State, and the Local Government in connection with the Grant are true, accurate, and complete in all material respects, to its best knowledge and belief, and the Company is eligible for this Grant; (f) the Company Parties are financially solvent and are not subject of any bankruptcy proceedings, and have no interest, and shall not acquire any interest, direct or indirect, which would conflict with the performance of their obligations under this CPA; (g) the Guarantor owns 100% of the membership interests/shares of the Company and 80% of the membership interests/shares of the Affiliated Entity and will derive substantial benefit from the transactions contemplated by the CPA; and (h) the making and performance of this Guaranty will not violate any provision of or result in the acceleration of any obligation under any instrument or agreement, order, judgment, or decree to which the Guarantor is a party or by which it or any of its property is bound. There are no conditions precedent to the effectiveness of this Guaranty that have not been satisfied or waived.
- 7.2 In order to induce the Local Government to enter this CPA, and the Local Government and the DOC to enter the LGGA, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Guarantor unconditionally and irrevocably guarantees, as primary obligor and not as surety, the full, prompt, and punctual performance by the Company of all of its obligations, agreements, and covenants under and with respect to this CPA. The Guarantor unconditionally guarantees the prompt payment (and not merely the collection) of all amounts that may now or in the future be owing to the DOC or the State, or the Local Government under this CPA and the LGGA, or any extension or renewal thereof however and whenever made, and shall be liable for any remedies or recoveries (including the cost of attorney fees incurred in enforcing this CPA and the LGGA) available to the DOC or the State, or the Local Government under or with respect to this CPA. The liability of the Guarantor shall be primary, joint and several.
- 7.3 This Guaranty shall operate as a continuing and absolute guaranty and shall remain in full force and effect without regard to, and shall not be affected or impaired by, any amendment of the CPA, any sale or transfer of all or any part of the Guarantor's ownership interest in the Company, any voluntary or involuntary liquidation, dissolution, merger, sale of assets, insolvency, reorganization, bankruptcy or filing for bankruptcy of a Company Party or any subsidiary, any rescission of a payment made hereunder, or any extension of time or other forbearance, compromise, adjustment, modification, or indulgence granted to the Company by the DOC, the State, or the Local Government. The Guaranty shall remain in full force and effect until termination of the CPA; provided, however, that the Guarantor shall not be released from its obligation hereunder so long as there is any claim of DOC or the Local Government against the Company, which claim arises out of, or related to, directly, or indirectly, this CPA, that is not settled or discharged in full.
- 7.4 The DOC and the Local Government may exercise their rights against the Guarantor without first having to take action or exhaust remedies against the Company. The Guarantor expressly waives notice of non-performance, in any respect, by the Company of any of its duties and obligations. The Guarantor unconditionally waives any defense available to it, including all suretyship defenses or defenses in the nature thereof; all requirements of notice, demand, presentment, or protest in case of any default by the Company, as well as rights of set-off, redemption, and counterclaim which may be alleged to exist in favor of the Company. Nothing in this paragraph shall be construed to limit applicable defenses, that are otherwise available to the Company stemming from its actual performance of its affirmative obligations under this Agreement.

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- 7.5 This Guaranty shall inure to the benefit of the DOC and the Local Government and their respective successor and assigns, and shall be binding on the Guarantor, and his/her heirs, executors, and assigns, and shall not be discharged or affected by the death of any party.

Signature pages follow.

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IN WITNESS WHEREOF, the Company, the Guarantor, and the Local Government have executed this Company Performance Agreement, effective as of the day and year first written above. This CPA is executed under seal for purposes of any statute of limitations.

Approved and Accepted:

(Official Seal)

Town of Holly Springs
(Local Government)

By: _____

Name: _____

Title: _____

Date: _____

ATTEST:

_____, Clerk

FUJIFILM Diosynth Biotechnologies North Carolina, Inc.
(Company)

(Corporate Seal)

By: _____

Name: _____

Title: _____

Authorized Corporate Officer

Date: _____

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(Corporate Seal)

FUJIFILM Holdings America Corporation
(Guarantor)

By: _____

Name: _____

Title: _____

Authorized Corporate Officer

Date: _____

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Holly Springs Town Council

Town Council Meeting Agenda Cover Sheet

Agenda Item#: 15.

New Business

Title: Amendments to Animal Control Ordinance

Strategic Priority Area: Safe & Friendly

Staff Resource: John Schifano, Town Attorney

Action(s):

Approve Ordinance 22-41 Amending the Town's Animal Control Ordinance

Explanation:

- Amendments to the ordinance include an increased fine for animal cruelty and changes in the definition of nuisance animals.
- Animal cruelty is currently a \$100 fine on a "per day" basis. Recommended changes are for \$150 per violation for the first violation, \$250 for the second, and \$350 for the third. The increase in fines is being recommended due to the severity of the offense in comparison to other animal nuisance offenses.
- The town's current definition of a "nuisance animal" includes one that runs at large so as to create a nuisance. This is inconsistent with the general ordinance requirement that no animal run at large at any time.
- The new nuisance language has been closely modeled after neighboring communities for consistency.

Background:

- The town's Police department maintains an animal control program with dedicated animal control personnel answering complaints relating to domestic animals.

Funding Source(s):

N/A

Attachment(s):

1. Amend Animal Ordinance 22-41



Ordinance No. 22-41

Date Submitted: December 6, 2022

Date Adopted: December 6, 2022

Effective Date: December 6, 2022

**AN ORDINANCE TO AMEND THE TOWN CODE OF THE TOWN OF HOLLY SPRINGS, N.C. TO AMEND
CHAPTER 12 , PUBLIC SAFETY, ARTICLE III, ANIMALS**

BE IT ORDAINED by the Town Council of the Town of Holly Springs, North Carolina as follows:

PART I:

Changing the Definition of Nuisance Animals. Section 12-67 of Article III of Chapter 12 of the Holly Springs Town Code is amended as described in the following sections by the following text with strike-through indicating deletion, and underline indicating addition:

~~Sec. 12-67. — Animals creating nuisance prohibited from running at large.~~

(a) ~~It shall be unlawful for any owner to permit an animal to run at large, so as to create a public nuisance.~~

(b) ~~For the purpose of this section, public nuisance includes, but is not limited to, the following:~~

~~(1) Animals that habitually or repeatedly disturb, interfere with or annoy human beings while not in the mode of attack;~~

~~(2) Animals that tip over garbage containers, or damage gardens, flowers or vegetables; or~~

~~(3) In the case of a female animal, one that is not confined in a secure enclosure during estrus.~~

(c) ~~When the animal control officer's investigation determines that two reports are supported by evidence, a "Restraint of Nuisance Animals Running At Large Notice" will be issued which requires the owner or keeper to keep the animal on his own property at all times, unless the animal is under restraint.~~

Sec. 12-67 Nuisance animals.

(a) Prohibited generally; It shall be unlawful for any person to own, keep, possess, harbor or maintain an animal in such a manner as to unreasonably annoy humans, endanger the life or health of persons or other animals, or substantially interfere with the rights of citizens (other than their owners) to enjoyment of life or property, or otherwise constitute a public nuisance. By way of example and not of limitation, the following activities are hereby declared to be a public nuisance and are, therefore, unlawful:

(1) Getting into or turning over waste or garbage containers.

(2) Walking on or sleeping on automobiles of another.

(3) Damaging the real or personal property of anyone other than its owner.

(4) Repeatedly failing to be restrained by its owner, or running at large.

(5) Being maintained in an unsanitary condition so as to be noxious or offensive to sight or smell.

(6) Not being confined to a building or secure enclosure while in estrus.

(7) Being vicious or chasing, snapping at, attacking, or otherwise molesting others including, pedestrians, bicyclists, motor vehicle passengers, or domestic animals.

(8) Allowing or permitting an animal or animals to make frequent or long continued sounds, including barking, whining, screeching, calling, howling or yowling in an excessive, continuous, habitual or untimely fashion, or to make other noise in such a manner and at such intervals so as to result in a serious annoyance or interference with the reasonable use and enjoyment of neighboring premises ("annoying sound"). Any such sound made by cats or dogs which is made for more than fifteen (15) minutes during any thirty (30) minute period shall be deemed to be an annoying sound.

(9) Being housed or restrained less than five feet from a public street, road or sidewalk such that the animal, without provocation, molests, attacks, or otherwise interferes with the freedom of movement of persons in a public right of way, or the location of the animal poses a threat to the general safety, health and welfare of the general public.

(10) By virtue of number or type, being offensive or dangerous to the public health, safety, or welfare.

(11) Being diseased or dangerous to the health of the public.

(12) Being kept in such a manner as to attract excessive insects, pests, rodents, raccoons, snakes, or other wild animals.

(b) Violations of this section shall be a Class 3 Misdemeanor, and the maximum fine shall exceed \$50. In lieu of criminal prosecution, the arresting officer may use the civil citation procedures in Section 12-81.

PART II.

Amend the fine for Cruelty to Animals. Section 12-65(f) of Article III of Chapter 12 of the Holly Springs Town Code is amended as described in the following sections by the following text with strike-through indicating deletion, and underline indicating addition:

(f) Penalties. Unless otherwise stated, a violation of this section shall be punishable as a Class 1 misdemeanor with a maximum fine of \$50.00 \$150 per day violation., ~~with each day constituting a separate and distinct violation.~~ At the discretion of the issuing officer, a civil penalty may be assessed, payable to the Town of Holly Springs Finance Department, and recoverable by the town in a civil action by failure to pay within 30 days, pursuant to G.S. 160A-175(c). Otherwise, the violation shall be an infraction with a maximum fine amount of \$50.00 \$150 for the first violation, \$250 for the second, and \$350 for the third, pursuant to the procedures set forth in Section 12-81., and jurisdiction shall be proper in the general court of justice for Wake County.

PART III.

Amend Section 12-81(f), the Penalties Section of Article III of Chapter 12 of the Holly Springs Town, as described in the following sections by the following text with strike-through indicating deletion, and underline indicating addition:

(f) The violation of any provision of this article shall be a misdemeanor and any person convicted of such violation shall be punishable as provided in G.S. 14-4, with a maximum fine exceeding \$50, as set

forth herein. Each day's violation of this section is a separate offense. Payment of a fine imposed in criminal proceedings pursuant to this subsection does not relieve a person of his liability for taxes, civil penalties or fees imposed under this article.

PART IV: REPEAL OF CONFLICTING ORDINANCES. All ordinances or parts of the Code of the Town of Holly Springs conflicting or inconsistent with the provisions of this Ordinance are hereby repealed.

PART V: SEVERABILITY. If any section, part of a section, paragraph, sentence, clause, phrase or word of this Ordinance is for any reason declared to be unconstitutional, inoperative or void, such holding shall not affect the remaining portion of this Ordinance and it shall be constructed to have been the legislative intent to pass the Ordinance without such unconstitutional, invalid or inoperative part therein, and the reminder of this Ordinance after the exclusion of such part or parts shall be deemed to be held valid as if such part or parts had not been included therein, or if this Ordinance or any provisions thereof shall be held inapplicable to such holdings shall not affect the applicability thereof to any other person, property or circumstances.

PART VI: INCLUSION IN CODE. It is the intention of the Town Council as hereby ordained, that the provision of this Ordinance shall become and be made part of the Code of Ordinances of the Town of Holly Springs, North Carolina; that the Section(s) of this Ordinance may be renumbered or relettered to accomplish such intention, and that the word "Ordinance" may be changed to "Section," or "Article" or other word.

PART V: EFFECTIVE DATE. This ordinance shall become effective upon adoption.

Adopted this, the 6th day of December 2022.

Town of Holly Springs by

ATTEST:

Sean Mayefskie, Mayor

Linda McKinney, Town Clerk





Holly Springs Town Council

Town Council Meeting Agenda Cover Sheet

Agenda Item#: 16.

New Business

Title: Adopt Calendar Year 2023 Town Council Meeting Schedule

Strategic Priority Area: Organizational Excellence

Staff Resource: Linda McKinney, Town Clerk

Action(s):

Adopt Calendar Year 2023 meeting schedule

Explanation:

- The Town Council will hold business meetings at 7 p.m. on the third Tuesday of each month, and workshop meetings at 6:00 p.m. on the second Tuesday of each month.
- February will be the exception, due to the Annual Retreat and will have a meeting on the third Tuesday, but no workshop.
- Additional quarterly business meetings will be held at 7 p.m. on the first Tuesday of March, June, September, and December.

Background:

- An official calendar of Council meetings is adopted by the Town Council and filed each year in the Town Clerk's office.
- By adopting an official schedule each calendar year, the Town Council also has the opportunity to consider in advance any conflicts the regular meeting schedule may have with events or holidays and make changes to times or dates accordingly.
- Council's adopted meeting calendar may be amended by Council's vote at any point during the year.
- The Mayor and Council reviewed and discussed meeting calendar options for 2023 at their November 8, 2022 Workshop meeting.

Funding Source(s):

N/A

Attachment(s):

1. 2023 TC Calendar of meetings - proposed

<u>First Tuesday of March, June, September, and December:</u>		Council Regular meeting 7 p.m. in Town Hall Council Chambers.
<u>Second Tuesday:</u>		Council Work Session 6 p.m. in the Law Enforcement Center, Training Room..
<u>Third Tuesday:</u>		Council Regular meeting 7 p.m. in Town Hall Council Chambers.
	Jan. 10, 2023	6:00 p.m. Council Workshop
	Jan. 17, 2023	7:00 p.m. Council Regular meeting
	Feb. 9-11, 2023	2022 Annual Retreat - Wilmington
	Feb. 21, 2023	7:00 p.m. Council Regular meeting
	Mar. 7, 2023	7:00 p.m. Council Quarterly meeting
	Mar. 14, 2023	6:00 p.m. Council Workshop
	Mar. 21, 2023	7:00 p.m. Council Regular meeting
	Apr. 11, 2023	6:00 p.m. Council Workshop
	Apr. 18, 2023	7:00 p.m. Council Regular meeting
	May 9, 2023	6:00 p.m. Council Workshop (budet presentation at Town Hall)
	May 16, 2023	7:00 p.m. Council Regular meeting (budget Hearing)
	May 23, 2023	6:00 p.m. Council Budget Workshop at LEC
	June 6, 2023	7:00 p.m. Council Quarterly meeting
	June 13, 2023	6:00 p.m. Council Workshop
	June 20, 2023	7:00 p.m. Council Regular meeting
	July 11, 2023	6:00 p.m. Council Workshop
	July 18, 2023	7:00 p.m. Council Regular meeting
	Aug. 15, 2023	7:00 p.m. Council Regular meeting
	Sept. 5, 2023	7:00 p.m. Council Quarterly meeting
	Sept. 12, 2023	6:00 p.m. Council Workshop
	Sept. 19, 2023	7:00 p.m. Council Regular meeting
	Oct. 10, 2023	6:00 p.m. Council Workshop
	Oct. 17, 2023	7:00 p.m. Council Regular meeting

	Nov. 14, 2023	6:00 p.m. Council Workshop
	Nov. 21, 2023	7:00 p.m. Council Regular meeting
	Dec. 5, 2023	7:00 p.m. Council Quarterly meeting
	Dec. 12, 2023	6:00 p.m. Council Workshop
	Dec. 19, 2023	7:00 p.m. Council Regular meeting