



**North Carolina**

**COMPREHENSIVE FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**For the Fiscal Year Ended June 30, 2024**



**TOWN OF STALLINGS  
NORTH CAROLINA**

**Comprehensive Financial Statements and  
Supplementary Information**

**For the Fiscal Year  
Ended June 30, 2024**

**Prepared By  
Finance Team**



# **TOWN OF STALLINGS NORTH CAROLINA**

## **List of Principal Elected Officials**

### **Town Council**

Wyatt Dunn – **Mayor**

David Scholl - **Mayor Pro Tempore**

Steven Ayers

Taylor-Rae Drake

Laurie Wojtowicz

Graham Hall

Brad Richardson

### **Administrative and Financial Staff**

Alex Sewell – Town Manager

Erinn Nichols – Assistant Town Manager/Town Clerk

Jessie Williams – Finance Officer

Karen Williams Reid – HR Director



**TOWN OF STALLINGS, NORTH CAROLINA  
FOR THE YEAR ENDED JUNE 30, 2024**

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## **Financial Section**

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- Management's Discussion and Analysis
- Basic Financial Statements
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## Independent Auditors' Report

To the Honorable Mayor and  
Members of Town Council  
Town of Stallings, North Carolina

### Report on the Audit of 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 Stallings, North Carolina**, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the **Town of Stallings'** basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Stallings**, as of June 30, 2024, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and major, annually budgeted special revenue funds, if applicable, 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 (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the **Town of Stallings** 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 Audit of the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 raises substantial doubt about the **Town of Stallings'** ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' 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 auditors' 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 GAAS and *Governmental 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 GAAS and *Governmental Auditing Standards*, we:

- exercise professional judgment and maintained 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 responsible 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 of Stallings'** 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 of Stallings'** 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 Management's Discussion and Analysis on pages 4 through 16, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 51 through 52, and the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll on pages 53 through 54, 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 the 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 consist 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 of Stallings'** basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October \_\_, 2024, on our consideration of **Town of Stallings'** 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 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 **Town of Stallings'** 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 of Stallings'** internal control over financial reporting and compliance.

***Potter & Company, P.A.***

Monroe, North Carolina  
November 4, 2024



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Stallings, we offer readers of the Town of Stallings' financial statements this narrative overview and analysis of the financial activities of the Town of Stallings for the fiscal year ended June 30, 2024. We encourage readers to use the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### Financial Highlights

- The assets and deferred outflows of resources of the Town of Stallings exceeded its liabilities and deferred inflows of resources at the close of the year by \$31,603,425 (*net position*).
- The government's total net position decreased slightly by \$118,315 from the prior fiscal year due mainly to the investment and commitment to the town's roadways and infrastructure. This decrease is explained further within this management's discussion and analysis.
- At the end of the current fiscal year, the Town of Stallings' governmental funds reported combined ending fund balance of \$16,680,518 resulting in a net decrease of \$992,368 in fund balance. This net decrease was due to the transition of the Potter Road/Pleasant Plains Project to the NC Department of Transportation and the use of American Rescue Plan Act (ARPA) restricted funds.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,212,467 or 111.3% of total General Fund expenditures for the fiscal year.
- The fifth principal payment of \$291,800 was paid during fiscal year 2024 for the installment purchase agreement for the New Town Hall and Public Works Buildings bringing the principal balance down to \$1,459,000.

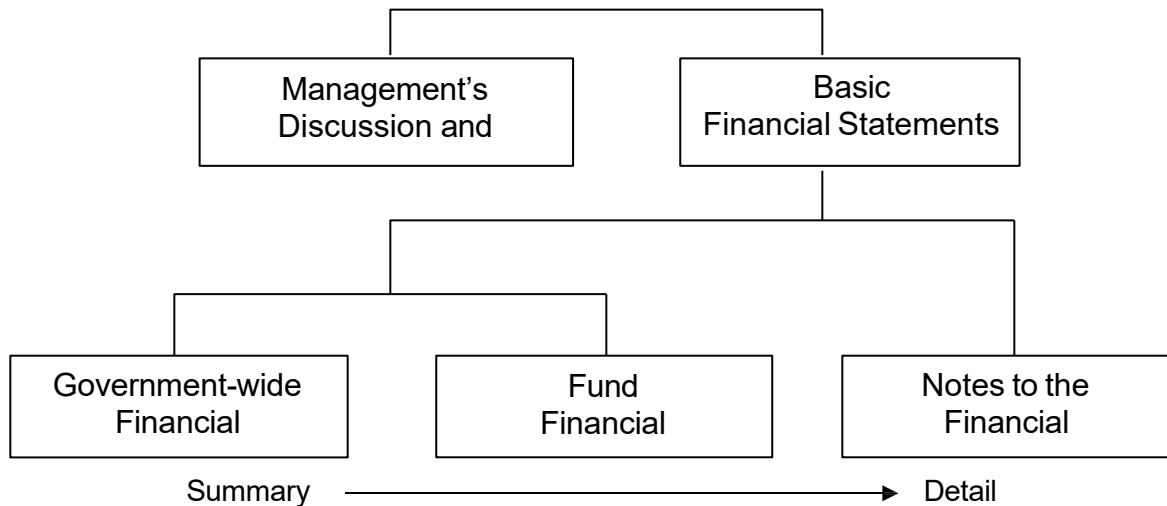
### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Stallings' basic financial statements. The Town's 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 which will enhance the reader's understanding of the financial condition of the Town of Stallings.

**Management Discussion and Analysis  
Town of Stallings**

**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 10) 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 budgetary comparison statements; and 3) the proprietary 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 North Carolina General Statutes also can be found in this part of the statements.

**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 the 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.

## **Management Discussion and Analysis Town of Stallings**

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: governmental activities and business-type activities. The governmental activities include most of the Town's basic services, such as public safety, sanitation, general administration, public works and parks and recreation. 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. The Town is mandated to participate in an NPDES Phase II storm water management program.

The government-wide financial statements are Exhibits 1 and 2 of this report.

### **Fund Financial Statements**

The fund financial statements (see Figure 1) 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 Stallings, 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 the funds of the Town of Stallings 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 the 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* which 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 fewer 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 Stallings 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 Town 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 complied with the budget ordinance and whether the Town succeeded in providing the services as planned when the budget was adopted.

## **Management Discussion and Analysis Town of Stallings**

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 Town Council; 2) the final budget as amended by the Town 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.

**Proprietary Funds** – The Town of Stallings has one kind of proprietary fund called *the Enterprise Fund*. The *Enterprise Fund* is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Stallings uses an enterprise fund to account for its storm water services. This fund operates the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

### **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 begin on page 27 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 Stallings' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 52 of this report.

**Interdependence with Other Entities** – The Town depends on financial resources flowing from, or associated with, both the Federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

**Management Discussion and Analysis  
Town of Stallings**

**Government-Wide Financial Analysis**

**Town of Stallings' Net Position  
Figure 2**

	Governmental		Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 17,473,404	18,088,178	\$ 1,510,243	1,233,140	\$ 18,983,647	19,321,318		
Capital assets	15,575,353	15,282,156	1,206,994	781,964	16,782,347	16,064,120		
Total assets	33,048,757	33,370,334	2,717,237	2,015,104	35,765,994	35,385,438		
Deferred outflows of resources	1,699,440	1,485,362	61,326	35,311	1,760,766	1,520,673		
	1,699,440	1,485,362	61,326	35,311	1,760,766	1,520,673		
Long-term liabilities outstanding	4,282,758	4,018,136	99,944	53,654	4,382,702	4,071,790		
Other liabilities	1,339,050	866,635	41,669	32,807	1,380,719	899,442		
	5,621,808	4,884,771	141,613	86,461	5,763,421	4,971,232		
Deferred inflows of resources	158,844	212,175	1,070	964	159,914	213,139		
	158,844	212,175	1,070	964	159,914	213,139		
Net position:								
Net investment in capital assets	14,052,671	13,517,640	1,206,994	781,964	15,259,665	14,299,604		
Restricted	2,708,551	5,075,911	-	-	2,708,551	5,075,911		
Unrestricted	12,206,323	11,165,199	1,428,886	1,181,026	13,635,209	12,346,225		
Total net position	28,967,545	29,758,750	2,635,880	1,962,990	31,603,425	31,721,740		

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Stallings exceeded liabilities and deferred inflows by \$31,603,425 as of June 30, 2024. The Town's net position decreased slightly 0.37% or \$118,315 for the fiscal year ended June 30, 2024. The Town's current and other assets decreased \$337,671 due to the final payment to NC Department of Transportation for the Potter Road/Pleasant Plains project. Capital assets increased \$718,227 due to the street/road resurfacing contract and other capital assets (e.g. land, streets, buildings, and equipment). The Town of Stallings capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is the reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. Deferred outflows of resources increased \$240,093 and deferred inflows decreased \$53,225 both related to pension deferrals. An additional portion of the Town of Stallings' net position, \$2,708,551 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$13,635,209 is unrestricted.

## **Management Discussion and Analysis Town of Stallings**

Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position including:

- Diligence in the collection of property taxes by maintaining a tax collection percentage of 99.95% through the town, which continues to exceed the statewide average.
- Increased sales tax revenue of \$89,979 due to continued economic growth in the Town and state.
- Ad valorem tax revenues increased by \$179,560 over last fiscal year. This increase is due to continued development in the Town and increase in property values, which had been seen in the area. Assessed values for property increased from \$2,659,987,772 for fiscal year 2023 to \$2,781,129,192 for fiscal year 2024 representing a 4.6% increase over the prior year.
- Investment earnings increased by \$309,039 over last fiscal year due to ARPA funds received by the Town and other funds such as Sewer Fund and Stormwater Fund moved from PNC into the North Carolina Capital Management Trust (NCCMT). The most significant item that has impacted the earnings has been the increase in investment rates. During fiscal year 2024, the average return rate on the government portfolio was 5.37% compared to an average of 4.93% for the prior fiscal year.
- General fund expenditures are \$1,756,333 less than final budgeted expenditures for fiscal year 2024. This difference was achieved through staff's diligence in competing work, closely monitoring actual verses budgeted costs and reduced/delayed expenditures while maintaining service levels for town services and safety measures for the staff and citizens without increasing overall costs to the Town.

**Management Discussion and Analysis  
Town of Stallings**

**Town of Stallings' Changes in Net Position  
Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 360,649	\$ 196,087	\$ 882,994	\$ 511,117	\$ 1,243,643	\$ 707,204
Operating grants and contributions	527,938	1,921,589	-	-	527,938	1,921,589
Capital grants and contributions	712,000	274,006	390,000	-	1,102,000	274,006
General revenues:						
Property taxes	5,074,223	4,931,754	-	-	5,074,223	4,931,754
Other taxes	3,131,586	3,017,671	-	-	3,131,586	3,017,671
General and contributions not restricted to specific programs	-	-	-	-	-	-
Other	1,066,622	593,747	-	-	1,066,622	593,747
<b>Total Revenues not including transfers</b>	<b>10,873,018</b>	<b>10,934,854</b>	<b>1,272,994</b>	<b>511,117</b>	<b>12,146,012</b>	<b>11,445,971</b>
<b>Transfers</b>						
<b>Total Revenues and Transfers</b>	<b>10,873,018</b>	<b>10,934,854</b>	<b>1,272,994</b>	<b>511,117</b>	<b>12,146,012</b>	<b>11,445,971</b>
<b>Expenses:</b>						
General government	1,506,819	1,476,655	-	-	1,506,819	1,476,655
Public safety	3,845,986	3,243,804	-	-	3,845,986	3,243,804
Transportation	2,589,892	2,389,294	-	-	2,589,892	2,389,294
Environmental protection	1,320,979	1,132,602	-	-	1,320,979	1,132,602
Cultural and recreation	1,190,155	921,116	-	-	1,190,155	921,116
Economic and physical development	654,992	337,205	-	-	654,992	337,205
Public works	496,444	288,011	-	-	496,444	288,011
Interest on long-term debt	58,956	67,697	-	-	58,956	67,697
Storm water	-	-	600,104	575,822	600,104	575,822
<b>Total Expenses</b>	<b>11,664,223</b>	<b>9,856,384</b>	<b>600,104</b>	<b>575,822</b>	<b>12,264,327</b>	<b>10,432,206</b>
<b>Increase (decrease) in net position</b>	<b>(791,205)</b>	<b>1,078,470</b>	<b>672,890</b>	<b>(64,705)</b>	<b>(118,315)</b>	<b>1,013,765</b>
<b>Net Position, beginning</b>	<b>29,758,750</b>	<b>28,680,280</b>	<b>1,962,990</b>	<b>2,027,695</b>	<b>31,721,740</b>	<b>30,707,975</b>
<b>Net Position, June 30</b>	<b>\$ 28,967,545</b>	<b>\$ 29,758,750</b>	<b>\$ 2,635,880</b>	<b>\$ 1,962,990</b>	<b>\$ 31,603,425</b>	<b>\$ 31,721,740</b>

The Town of Stallings overall net position decreased \$118,315 from the prior year. The reasons for this increase are discussed in the following sections for governmental activities and business-type activities.

**Governmental activities.** Governmental activities decreased the Town's net position by \$791,205 or 2.66%. The most significant factor contributing to this decrease was an increase in departmental expenses of over prior fiscal year which is further discussed below.

Further key elements impacting net position are as follows:

- The Town's total governmental activities' revenues decreased in total by \$61,836. General revenue increases in property taxes and other taxes, program revenues in charges for services and capital grants and contributions, and other revenues totaling \$1,331,815 which is offset by a decrease in operating and capital grants and contributions, totaling \$1,393,651. This decrease is mainly attributed to funds received from Atrium Health for road repairs in the area around the hospital in the prior fiscal year.

## Management Discussion and Analysis Town of Stallings

- Total governmental activities expenses increased \$1,807,839 or 18.34% from the prior fiscal year. The majority of this increase is in the public safety department (\$602,182) and transportation (\$200,598). The public safety department was fully staffed for the fiscal year and experienced higher operational and payroll related law enforcement services primarily due to inflation which was also the case in all other departments. In the transportation department, the town contracted with NC Department of Transportation for the completion of the Potter Road/Pleasant Plains intersection project which increased their expenses over prior year.

**Business-type Activities.** Business-type activities increased the Town of Stallings' net position by \$672,890 representing a increase of 34.28%.

Key elements of this increase are as follows:

- Revenues for business-type activities increased \$761,877 which is due primarily to the increase in the storm water tax fee from \$43 per residential lot and \$43 per ERU in fiscal year 2023-24 to \$67 per residential lot and \$67 per ERU for prior fiscal year. This increase represented \$371,877 of this increase and the remaining \$390,00 increase is attributed to a capital contribution of storm water infrastructure within the town's jurisdiction.
- Total expenses increased \$24,282 from prior year and repair projects were completed in fiscal year 2024. Repairs were made for those items that met the Town's repair criteria.
- Town council increase Storm Water fees 55.8% from prior year as noted above.

### Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Stallings. At the end of Fiscal Year 2023-24, the Town of Stallings' fund balance available in the General Fund was \$11,212,467, while total fund balance reached \$15,969,210. The Town Council has determined that the Town should maintain an available fund balance of 20% of budgeted General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 138.54% of General Fund expenditures, while total fund balance represents 158.52% of the same amount.

During Fiscal Year 2021-22, the Town was awarded \$5,145,370 from the American Rescue Plan Act of 2021 (ARPA) to help reverse the negative impact of the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery. One of the requirements of the ARPA Funds was that the Town was to establish a separate governmental fund to account for the receipt and use of the funds. The Town established the ARPA Fund and the Town's Council chose to use the ARPA funds as revenue replacement over the next few fiscal years. The 2023-24 year-end fund balance is \$711,308.

## **Management Discussion and Analysis Town of Stallings**

As of June 30, 2024, the governmental funds of the Town of Stallings reported a combined fund balance of \$16,680,518 with a net decrease in fund balance of \$992,368 or 5.62% from the prior fiscal year. Included in this change in fund balance is the decrease of the ARPA fund, a decrease in Streets – Powell Bill fund balance due road resurfacing work, and a decrease in Capital Project Fund for Potter Road/Pleasant Plains intersection of \$1,157,900 due to the contract with NC Department of Transportation. These decreases were offset with increase in nonspendable - prepaids, Stabilization by State Statute, Drug Forfeiture funds, Minimum fund balance requirement, and Assigned fund balance for Subsequent year expenditures.

**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 services.

There were several reasons the Town revised its budget through the year. The majority of the changes were related to the Transportation department which were related to additional paving work total \$694,436. The amendment related to the Potter Road/Pleasant Plains Capital Project where the NC Department of Transportation will be completing the project added an additional \$261,827 to the budget. The remaining changes were within the other departments for operational needs.

At year-end, revenues were 16.72% greater than the budget due to increases in ad valorem tax, unrestricted intergovernmental revenue and investment earnings. Expenditures were 14.85% below budget with savings compared to budget across all departments. The most significant savings, \$712,824, was in Transportation where there the budget amount was underspent by \$580,584 for paving/resurfacing. The Cultural and recreation department had \$291,144 in savings for buildings and grounds where work was completed inhouse and in capital outlay where the department had significant capital purchase savings. Public Safety also contributed cost savings of \$281,897 due to Police Department payroll related and operational costs.

**Proprietary Fund.** The Town's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Storm Water Fund at the end of the fiscal year amounted to \$1,428,886. The change in unrestricted net position was an increase of \$247,860. This is a direct result of the storm water fee increase as previously discussed and operational revenues exceeding expenses for the year. The net investment in capital assets also increased \$425,030 due to a capital contribution for assuming responsibility for the storm water infrastructure in the Pleasant Plains subdivision making the total change in net position from prior year an increase of \$672,890.

### **Capital Asset and Debt Administration**

**Capital Assets.** The Town of Stallings' investments in capital assets and right to use assets for its governmental and business-type activities as of June 30, 2024 total \$16,782,347 (net of accumulated depreciation). These assets include buildings, streets, land, machinery and equipment, park facilities, and vehicles, and IT subscriptions.

**Management Discussion and Analysis  
Town of Stallings**

Major capital asset transactions during the year included the following:

- Road resurfacing work and road repairs for streets scheduled according to the Town’s resurfacing policy added \$1,034,706 to the Town’s infrastructure.
- Acquisition of public safety vehicles and equipment totaling \$137,215.
- Playground equipment replacement in a section at Stallings’ Municipal Park at cost of \$141,646 and land improvements for a new section of fencing at the park for \$27,128.
- Pleasant Plains Subdivision infrastructure additions for assuming maintenance liability for the addition of 0.39 miles of roadways valued at \$542,000 and 3,000 feet of sidewalks valued at \$170,000.

**Town of Stallings’ Capital Assets  
And Right to Use Assets  
(net of depreciation and amortization)  
Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Infrastructure	\$ 5,070,298	\$ 4,247,213	\$ 1,135,579	\$ 781,964	\$ 6,205,877	\$ 5,029,177
Land Improvements	1,279,856	1,340,290	-	-	1,279,856	1,340,290
Buildings and improvements	5,554,719	5,750,074	-	-	5,554,719	5,750,074
Land	2,905,384	3,277,444	-	-	2,905,384	3,277,444
Vehicles	300,252	296,840	-	-	300,252	296,840
Equipment	396,285	345,101	71,415	-	467,700	345,101
Computers and Software	4,178	9,178	-	-	4,178	9,178
Right to use: Leased Equipment	57,124	-	-	-	57,124	-
Right to use: Subscriptions	7,257	16,016	-	-	7,257	16,016
	<u>\$ 15,575,353</u>	<u>\$ 15,282,156</u>	<u>\$ 1,206,994</u>	<u>\$ 781,964</u>	<u>\$ 16,782,347</u>	<u>\$ 16,064,120</u>

Additional information on the Town’s capital assets can be found in Note III.A.3 of the Basic Financial Statements.

**Management Discussion and Analysis  
Town of Stallings**

**Long-term Debt.** As of June 30, 2024, the Town of Stallings’ total debt and outstanding liabilities of \$4,945,811. Of this, installment debt of \$1,459,000 is backed by the full faith and credit of the Town. Other debt of the Town related to compensated absences and pension related liabilities.

**Outstanding Liabilities  
Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Installment debt	\$ 1,459,000	\$ 1,750,800	\$ -	\$ -	\$ 1,459,000	\$ 1,750,800
Pension related debt (LGERS)	2,366,296	1,907,871	99,944	53,654	2,466,240	1,961,525
Pension related debt (LEO)	703,939	637,549	-	-	703,939	637,549
Compensated absences	245,093	181,711	7,857	4,619	252,950	186,330
SBITA liability	6,805	13,716	-	-	6,805	13,716
Lease liability	56,877	-	-	-	56,877	-
	<u>\$ 4,838,010</u>	<u>\$ 4,491,647</u>	<u>\$ 107,801</u>	<u>\$ 58,273</u>	<u>\$ 4,945,811</u>	<u>\$ 4,549,920</u>

**Town of Stallings’ Outstanding Debt**

The Town of Stallings’ total debt increased by \$395,891 or 8.7% from the past fiscal year. Pension related debt (LGERS) with an increase of \$504,715 the majority of this increase which was offset by a decrease in installment debt. Installment debt related to the construction of the New Town Hall and Public Works Maintenance buildings decreased \$291,800 due to the payment of the fourth installment this fiscal year.

The Town’s lease liabilities for governmental activities increased \$56,877 due to a new copier lease that was entered into during the fiscal year.

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 margin for the Town of Stallings is \$220,967,653.

Additional information regarding the Town of Stallings’ long-term debt can be found in Note III.B of this report.

## **Management Discussion and Analysis Town of Stallings**

### **Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of the Town:

- The economy continues to stimulate the housing and construction markets in the Town this fiscal year with ad valorem tax growth of 3.19% as well as economic growth with sales tax increasing 13.7%.
- New development. The Town continues to see relatively strong interest in development within the Town. Specifically, the Town's planning department continues to receive strong interest in several key areas of Town including from developers in the area surrounding the Atrium hospital campus. In addition, the Town has begun to focus on supporting/enhancing tax base growth at the Union West Business Park.
- Future Town Center – The Town has made Town Center creation a top priority and has worked on implementing various Town Center development initiatives including purchasing property, incorporating enhanced Town Center streetscape requirements, and holding Town Center events. As noted previously, the Town worked with the Development Finance Initiative (DFI – UNC School of Government) to analyze area market conditions and take the first steps towards developing a public-private partnership that will spur the desired downtown development. Per the Town Council's strategic priorities, the Town purchased the old tractor dealership property beside Town Hall and is currently in lease negotiations with a brewery/restaurant to open a location there.
- In FY 2020-21, the Town Council also passed a resolution supporting the Charlotte Area Transit System's (CATS) selected alignment for the proposed LYNX Silver Line Light Rail in Stallings near the hospital complex. While this is just one of the first necessary steps of many to extending the light rail to Stallings, any light rail expansion in the future would have a significant impact on our community. To maximize positive development, the Town has continued the process of redeveloping our plans around the twin pillars of a potential light rail and Atrium hospital campus. (Note: The Town received a grant to embark on this plan overhaul). The Town anticipates having a transit overlay district (TOD) completed by the end of FY 24-25. Still, the Silver Line's future is uncertain. There have been ongoing discussions between Charlotte Region members and key members of the NC General Assembly regarding funding which has been a challenge. The City of Charlotte has recently supported legislation that would not generate enough funding for the silver line.
- Despite strong development interest, planning investments, and other favorable conditions, perhaps the most substantial challenge to future economic growth the Town faces relates to a potential future sewer capacity shortage. Our community's primary water/sewer provider (Union County) has challenges related to limited sewer capacity which will likely lead to future developmental delays for projects that have not yet secured sewer capacity. Indeed, the Town has seen several projects abandon plans due to sewer capacity concerns.

## **Management Discussion and Analysis Town of Stallings**

**Governmental Activities:** Impacting the FY 2024-25 budget is the American Rescue Plan Act of 2021 (ARPA). The Town was allocated \$5,145,370 to be used to help reverse the negative impact of the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery. The federal government set forth guidelines to use these funds which must be fully obligated by December 31, 2024. At a council meeting on April 11, 2022, the Town Council created the ARPA Special Revenue Fund and elected to use the funds over the next several fiscal years as revenue replacement for law enforcement services from July 1, 2022, to December 31, 2024, or until all the funds are expended. Included in the Fiscal Year 2024-25 budget is an appropriation of \$665,000 in ARPA funds to be used for Police department salaries and benefits. All ARPA funding received by the Town will not only be fully obligated by the December 31, 2024 deadline, but also fully expended.

While the Town's management and Council took a conservative approach when budgeting for FY 2024-25, the upcoming depletion of ARPA funding was a major factor. For the last two fiscal years, the Town has been dependent upon ARPA funds to cover Police department salaries and benefits, an annual cost of over \$2 million. To help offset the impending budget deficit, Council approved a three-cent tax increase, resulting in additional estimated revenues of approximately \$817,000. Budgeted sales and use taxes increased \$310,000 or 17.3% from the prior year budget to better align with historical actuals. The FY 2024-25 budget also included an appropriation of fund balance in the amount of \$460,400 to further assist with the budget deficit resulting from the depletion of ARPA funding.

Budgeted General Fund expenditures are anticipated to increase approximately \$985,000 or 9.5% over FY 2023-24 actual expenditures. This increase is primarily related to personnel costs, the Town's contract for solid waste services and HVAC replacement in Town Hall.

**Business-type Activities:** The Town has chosen to keep the storm water fees unchanged. Project work for the year is focused on issues where flooding creates property damage. Expenses are primarily budgeted to repair these issues, with additional spending focused on cleaning out existing drains, street sweeping and other preventative services to help deter future flooding issues.

Council also approved a contingency line item in the budget to be appropriated for unbudgeted storm water projects that may arise.

### **Request 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 the Town's Finance Officer, 315 Stallings Road, Stallings, NC 28104-5061. You can also call 704-821-0311, visit our website at [www.stallingsnc.org](http://www.stallingsnc.org), or send an email to [finance.officer@stallingsnc.org](mailto:finance.officer@stallingsnc.org) for more information.



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## **Basic Financial Statements**

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**Town of Stallings**  
**Statement of Net Position**  
**June 30, 2024**

**Exhibit 1**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 15,726,920	\$ 1,557,670	\$ 17,284,590
Taxes receivable (net)	10,605	-	10,605
Accrued interest receivable on taxes	3,296	-	3,296
Accounts receivable (net)	83,888	7,919	91,807
Due from other governments	540,578	-	540,578
Deposits	3,515	-	3,515
Due from other funds	55,346	(55,346)	-
Prepaid items	36,000	-	36,000
Restricted cash and cash equivalents	1,013,256	-	1,013,256
Total current assets	<u>17,473,404</u>	<u>1,510,243</u>	<u>18,983,647</u>
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	2,905,384	-	2,905,384
Other capital assets, net of depreciation	12,605,588	1,206,994	13,812,582
Right to use assets, net of amortization	64,381	-	64,381
Total capital assets	<u>15,575,353</u>	<u>1,206,994</u>	<u>16,782,347</u>
Total non-current assets	<u>15,575,353</u>	<u>1,206,994</u>	<u>16,782,347</u>
Total assets	<u>33,048,757</u>	<u>2,717,237</u>	<u>35,765,994</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	1,699,440	61,326	1,760,766
Total deferred outflows of resources	<u>1,699,440</u>	<u>61,326</u>	<u>1,760,766</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	498,833	33,131	531,964
Accounts payable from restricted cash	271,261	-	271,261
Deposits in escrow	7,959	-	7,959
Unearned revenue	5,745	681	6,426
Current portion long-term liabilities	555,252	7,857	563,109
Total current liabilities	<u>1,339,050</u>	<u>41,669</u>	<u>1,380,719</u>
Long-term liabilities:			
Net pension liability-LGERS	2,366,296	99,944	2,466,240
Total pension liability-LEO	703,939	-	703,939
Due in more than one year	1,212,523	-	1,212,523
Total long-term liabilities	<u>4,282,758</u>	<u>99,944</u>	<u>4,382,702</u>
Total liabilities	<u>5,621,808</u>	<u>141,613</u>	<u>5,763,421</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	932	-	932
Pension deferrals	157,912	1,070	158,982
Total deferred inflows of resources	<u>158,844</u>	<u>1,070</u>	<u>159,914</u>
<b>NET POSITION</b>			
Net investment in capital assets	14,052,671	1,206,994	15,259,665
Restricted for:			
Stabilization by State Statute	1,703,921	-	1,703,921
Streets	163,358	-	163,358
Drug Forfeiture	129,964	-	129,964
ARPA	711,308	-	711,308
Unrestricted	12,206,323	1,428,886	13,635,209
Total net position	<u>\$ 28,967,545</u>	<u>\$ 2,635,880</u>	<u>\$ 31,603,425</u>

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

**Town of Stallings  
Statement of Activities  
For the Year Ended June 30, 2024**

**Exhibit 2**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary government:</b>							
Governmental Activities:							
General government	\$ 1,506,819	\$ 231,335	\$ -	\$ -	\$ (1,275,484)	\$ -	\$ (1,275,484)
Public safety	3,845,986	6,579	9,015	-	(3,830,392)	-	(3,830,392)
Transportation	2,589,892	11,000	505,624	712,000	(1,361,268)	-	(1,361,268)
Environmental protection	1,320,979	-	13,299	-	(1,307,680)	-	(1,307,680)
Economic and physical development	654,992	101,278	-	-	(553,714)	-	(553,714)
Public works	496,444	-	-	-	(496,444)	-	(496,444)
Cultural and recreational	1,190,155	10,457	-	-	(1,179,698)	-	(1,179,698)
Interest on long-term debt	58,956	-	-	-	(58,956)	-	(58,956)
Total governmental activities	<u>11,664,223</u>	<u>360,649</u>	<u>527,938</u>	<u>712,000</u>	<u>(10,063,636)</u>	<u>-</u>	<u>(10,063,636)</u>
Business-type activities:							
Storm Water	600,104	882,994	-	390,000	-	672,890	672,890
Total business-type activities	<u>600,104</u>	<u>882,994</u>	<u>-</u>	<u>390,000</u>	<u>-</u>	<u>672,890</u>	<u>672,890</u>
Total primary government	<u>\$ 12,264,327</u>	<u>\$ 1,243,643</u>	<u>\$ 527,938</u>	<u>\$ 1,102,000</u>	<u>\$ (10,063,636)</u>	<u>\$ 672,890</u>	<u>\$ (9,390,746)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					\$ 5,074,223	\$ -	\$ 5,074,223
Sales taxes					2,169,367	-	2,169,367
Utilities taxes					869,360	-	869,360
Beer and wine taxes					83,031	-	83,031
Other taxes and licenses					9,828	-	9,828
Unrestricted investment earnings					788,218	-	788,218
Restricted investment earnings					26,603	-	26,603
Gain on disposal of assets					33,555	-	33,555
Miscellaneous					218,246	-	218,246
Total general revenues not including transfers					<u>9,272,431</u>	<u>-</u>	<u>9,272,431</u>
Transfers					-	-	-
Total general revenues and transfers					<u>9,272,431</u>	<u>-</u>	<u>9,272,431</u>
Change in net position					(791,205)	672,890	(118,315)
Net position, beginning					<u>29,758,750</u>	<u>1,962,990</u>	<u>31,721,740</u>
Net position, ending					<u>\$ 28,967,545</u>	<u>\$ 2,635,880</u>	<u>\$ 31,603,425</u>

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

**Town of Stallings  
Balance Sheet  
Governmental Funds  
June 30, 2024**

**Exhibit 3**

	<b>Major Funds</b>			<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>ARPA</b>	<b>Potter/Pleasant Plains Intersection Improvement Capital Project Fund</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 15,726,920	\$ -	\$ -	\$ 15,726,920
Restricted cash	301,948	711,308	-	1,013,256
Receivables, net:				
Taxes	10,605	-	-	10,605
Due from other governments	540,578	-	-	540,578
Other	83,888	-	-	83,888
Deposits	3,515	-	-	3,515
Due from other funds	55,346	-	-	55,346
Prepaid items	36,000	-	-	36,000
Total assets	<u>\$ 16,758,800</u>	<u>\$ 711,308</u>	<u>\$ -</u>	<u>\$ 17,470,108</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 498,833	\$ -	\$ -	\$ 498,833
Accounts payable from restricted cash	271,261	-	-	271,261
Due to other funds	-	-	-	-
Deposits in escrow	7,959	-	-	7,959
Total liabilities	<u>778,053</u>	<u>-</u>	<u>-</u>	<u>778,053</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes receivable	10,605	-	-	10,605
Prepaid taxes	932	-	-	932
Total deferred inflows of resources	<u>11,537</u>	<u>-</u>	<u>-</u>	<u>11,537</u>
<b>FUND BALANCES</b>				
Nonspendable				
Prepays	36,000	-	-	36,000
Restricted				
Stabilization by State Statute	1,703,921	-	-	1,703,921
Streets - Powell Bill	163,358	-	-	163,358
Drug Forfeiture	129,964	-	-	129,964
ARPA	-	711,308	-	711,308
Committed				
Parks and Recreation	-	-	-	-
Capital Projects Fund	-	-	-	-
Assigned				
Subsequent year expenditures	460,400	-	-	460,400
Minimum fund balance requirement	2,263,100	-	-	2,263,100
Unassigned	11,212,467	-	-	11,212,467
Total fund balances	<u>15,969,210</u>	<u>711,308</u>	<u>-</u>	<u>16,680,518</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,758,800</u>	<u>\$ 711,308</u>	<u>\$ -</u>	<u>\$ 17,470,108</u>

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

**Town of Stallings**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**

**Exhibit 4**

Amounts reported for governmental activities in the Statement of Net Position are different

Total fund balance - Governmental Funds		\$ 16,680,518
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 51,917,077	
Accumulated depreciation	<u>(36,406,105)</u>	15,510,972
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Right to use assets at historical cost	85,741	
Accumulated amortization	<u>(21,360)</u>	64,381
Deferred outflows of resources related to pensions are not reported in the funds		1,699,440
Other assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are inflows of resources in the funds		3,296
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Compensated absences	(245,095)	
Direct placement installment purchase	(1,459,000)	
SBITA payable	(6,805)	
Lease payable	(56,877)	
Net pension liability (LGERS)	(2,366,296)	
Total pension liability (LEOSSA)	<u>(703,939)</u>	(4,838,012)
Deferred inflows of resources related to pensions are not reported in the funds		(157,912)
Earned revenues considered deferred inflows of resources in fund statements		<u>4,862</u>
Net position of governmental activities		<u><u>\$ 28,967,545</u></u>

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

**Town of Stallings**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2024**

Exhibit 5

	<u>Major Funds</u>			<b>Total Governmental Funds</b>
	<u>General</u>	<u>ARPA</u>	<u>Potter/Pleasant Plains Intersection Improvement Capital Project Fund</u>	
<b>REVENUES</b>				
Ad valorem taxes	\$ 5,087,662	\$ -	\$ -	\$ 5,087,662
Other taxes and licenses	9,826	-	-	9,826
Unrestricted intergovernmental	3,121,758	-	-	3,121,758
Restricted intergovernmental	587,832	-	-	587,832
Permits and fees	378,812	-	-	378,812
Investment earnings	681,872	132,949	-	814,821
Sales and services	15,392	-	-	15,392
Miscellaneous	420,628	-	-	420,628
Total revenues	<u>10,303,782</u>	<u>132,949</u>	<u>-</u>	<u>10,436,731</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,209,542	-	-	1,209,542
Public safety	3,418,955	-	-	3,418,955
Transportation	234,768	-	1,419,727	1,654,495
Environmental protection	1,320,979	-	-	1,320,979
Economic and physical development	629,074	-	-	629,074
Public works	470,440	-	-	470,440
Cultural and recreational	868,704	-	-	868,704
Debt service:				
Principal	306,167	-	-	306,167
Interest	58,956	-	-	58,956
Capital Outlay				
General government	21,761	-	-	21,761
Public safety	158,976	-	-	158,976
Transportation	1,039,706	-	-	1,039,706
Public works	7,100	-	-	7,100
Cultural and recreational	328,577	-	-	328,577
Total expenditures	<u>10,073,705</u>	<u>-</u>	<u>1,419,727</u>	<u>11,493,432</u>
Excess (deficiency) of revenues over expenditures	<u>230,077</u>	<u>132,949</u>	<u>(1,419,727)</u>	<u>(1,056,701)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Lease liabilities issued	64,333	-	-	64,333
Transfer to/from ARPA fund	2,640,648	(2,640,648)	-	-
Transfer to/from capital project fund	(261,827)	-	261,827	-
Total other financing sources (uses)	<u>2,443,154</u>	<u>(2,640,648)</u>	<u>261,827</u>	<u>64,333</u>
Net change in fund balance	2,673,231	(2,507,699)	(1,157,900)	(992,368)
Fund balances, beginning	13,295,979	3,219,007	1,157,900	17,672,886
Fund balances, ending	<u>\$ 15,969,210</u>	<u>\$ 711,308</u>	<u>\$ -</u>	<u>\$ 16,680,518</u>

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

**Town of Stallings**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**

Exhibit 6

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

Net changes in fund balances - total governmental funds		\$ (992,368)
<p>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. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	\$ 1,556,120	
Disposals, net book value	(372,060)	
Depreciation and amortization expense for governmental assets	<u>(1,602,863)</u>	(418,803)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		430,814
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		66,466
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in accrued interest receivable from taxes	(1,822)	
Change in unavailable revenue for tax revenues	(11,616)	
Amount of donated assets	<u>712,000</u>	698,562
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Issuance of lease agreement	(64,333)	
Principal payments on lease	7,457	
Principal payments on SBITA	6,911	
Principal payments on long-term debt	<u>291,800</u>	241,835
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		(63,382)
Pension expense		<u>(754,329)</u>
Total changes in net position of governmental activities		<u>\$ (791,205)</u>

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

**Town of Stallings** **Exhibit 7**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2024**

	<b>General Fund</b>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
Ad valorem taxes	\$ 4,951,323	\$ 4,951,323	\$ 5,087,662	\$ 136,339
Unrestricted intergovernmental	2,675,000	2,675,000	3,121,758	446,758
Restricted intergovernmental	582,643	583,646	587,832	4,186
Other taxes and licenses	12,500	12,500	9,826	(2,674)
Permits and fees	74,157	74,157	378,812	304,655
Investment earnings	297,000	297,000	681,872	384,872
Sales and services	24,059	24,059	15,392	(8,667)
Miscellaneous	88,968	209,910	420,628	210,718
Total revenues	<u>8,705,650</u>	<u>8,827,595</u>	<u>10,303,782</u>	<u>1,476,187</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,352,412	1,421,852	1,231,303	190,549
Public safety	3,596,563	3,859,828	3,577,931	281,897
Transportation	1,288,234	1,987,298	1,274,474	712,824
Economic and physical development	548,360	648,360	629,074	19,286
Environmental protection	1,400,000	1,400,000	1,320,979	79,021
Public works	639,388	663,388	477,540	185,848
Cultural and recreational	1,573,955	1,488,425	1,197,281	291,144
<b>Debt service:</b>				
Principal	291,800	303,000	306,167	(3,167)
Interest	57,886	57,886	58,956	(1,070)
Contingency	1	1	-	1
Total expenditures	<u>10,748,599</u>	<u>11,830,038</u>	<u>10,073,705</u>	<u>1,756,333</u>
Revenues over (under) expenditures	<u>(2,042,949)</u>	<u>(3,002,443)</u>	<u>230,077</u>	<u>3,232,520</u>
<b>Other financing sources (uses):</b>				
Lease liabilities issued	-	25,000	64,333	39,333
Transfer from ARPA fund	2,042,949	2,042,949	2,640,648	597,699
Transfer to capital project fund	-	(261,827)	(261,827)	-
Total other financing sources (uses)	<u>2,042,949</u>	<u>1,806,122</u>	<u>2,443,154</u>	<u>637,032</u>
Fund balance appropriated	<u>-</u>	<u>1,196,321</u>	<u>-</u>	<u>(1,196,321)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,673,231</u>	<u>\$ 2,673,231</u>
Fund balances, beginning			<u>13,295,979</u>	
Fund balances, ending			<u>\$ 15,969,210</u>	

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

**Town of Stallings  
Statement of Fund Net Position  
Proprietary Fund  
June 30, 2024**

**Exhibit 8**

	<b>Major Enterprise Fund</b>	
	<b>Storm Water Fund</b>	<b>Total</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,557,670	\$ 1,557,670
Fees receivable	1,157	1,157
Accounts receivable	6,762	6,762
Total current assets	1,565,589	1,565,589
Noncurrent assets:		
Capital assets:		
Capital assets, net of depreciation	1,206,994	1,206,994
Capital assets	1,206,994	1,206,994
Total noncurrent assets	1,206,994	1,206,994
Total assets	\$ 2,772,583	\$ 2,772,583
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension deferrals	\$ 61,326	\$ 61,326
Total deferred outflows of resources	61,326	61,326
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	33,131	33,131
Compensated absences	7,857	7,857
Due to other funds	55,346	55,346
Unearned revenue	681	681
Total current liabilities	97,015	97,015
Noncurrent liabilities:		
Net pension liability	99,944	99,944
Total noncurrent liabilities	99,944	99,944
Total liabilities	196,959	196,959
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension deferrals	1,070	1,070
Total deferred inflows of resources	1,070	1,070
<b>NET POSITION</b>		
Net investment in capital assets	1,206,994	1,206,994
Unrestricted	1,428,886	1,428,886
Total net position	\$ 2,635,880	\$ 2,635,880

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

**Town of Stallings**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2024**

**Exhibit 9**

	<b>Major Enterprise Fund</b>	
	<b>Storm Water Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>		
Storm water fees and interest	\$ 882,994	\$ 882,994
Total operating revenues	882,994	882,994
<b>OPERATING EXPENSES</b>		
Salaries and employee benefits	200,876	200,876
Repairs and maintenance	324,681	324,681
Professional fees	34,577	34,577
Depreciation	39,970	39,970
Total operating expenses	600,104	600,104
<b>Income before contributions and transfers</b>	282,890	282,890
Capital contributions	390,000	390,000
<b>Change in net position</b>	672,890	672,890
<b>Total net position, beginning</b>	1,962,990	1,962,990
<b>Total net position, ending</b>	\$ 2,635,880	\$ 2,635,880

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

**Town of Stallings  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2024**

**Exhibit 10**

	<b>Major Enterprise Fund</b>	
	<b>Storm Water Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 880,282	\$ 880,282
Cash paid for goods and services	(353,634)	(353,634)
Cash paid to or on behalf of employees for services	(177,257)	(177,257)
Net cash provided by operating activities	349,391	349,391
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Increase in due to General Fund	169,228	169,228
Net cash used by non-capital financing activities	169,228	169,228
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(75,000)	(75,000)
Net cash used by capital and related financing activities	(75,000)	(75,000)
Net increase (decrease) in cash and cash equivalents	443,619	443,619
Balances, beginning	1,114,051	1,114,051
Balances, ending	\$ 1,557,670	\$ 1,557,670
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 282,890	\$ 282,890
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	39,970	39,970
Changes in assets and liabilities:		
(Increase) decrease in fees receivable	199	199
(Increase) decrease in accounts receivable	(2,911)	(2,911)
(Increase) decrease in deferred outflows of resources - pensions	(26,015)	(26,015)
Increase (decrease) in accounts payable	5,624	5,624
Increase (decrease) in compensated absences	3,238	3,238
Increase (decrease) in net pension liability	46,290	46,290
Increase (decrease) in deferred inflows of resources - pensions	106	106
Total adjustments	66,501	66,501
Net cash provided by operating activities	\$ 349,391	\$ 349,391

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

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## **Notes to Financial Statements**

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**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Stallings 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 Stallings is a municipal corporation that is governed by an elected mayor and a six-member Council. As required by generally accepted accounting principles, these financial statements present only the Town of Stallings, as there were no entities which met the requirements of a reportable component unit.

**B. Basis of Presentation**

*Government-wide 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. 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 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. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. 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. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major 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.

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, street maintenance and construction, sanitation services, and general governmental services.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**I. Summary of Significant Accounting Policies (continued)**

**American Rescue Plan Act (ARPA):** This fund accounts for the transactions related to the American Rescue Plan Funds.

**Potter/Pleasant Plains Intersection Improvement Capital Project Fund.** This fund is used to account for improvements at the intersection of Potter Road and Pleasant Plains Road.

The Town reports the following non-major governmental funds:

**Stallings Municipal Park Capital Project Fund.** This fund is used to account for the renovations on an open contract of the existing park within the Town limits.

The Town reports the following major enterprise funds:

**Storm Water Fund.** This fund is used to account for the Town's storm water operations.

**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 and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary 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's enterprise fund are fees received from citizens for storm water services. Operating expenses for the enterprise fund include maintenance, repair, and engineering costs. 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. Issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**I. Summary of Significant Accounting Policies (continued)**

The Town considers all revenues available if they are collected within 60 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, 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. Also, 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, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered shared revenue for the Town because the tax is levied by Union County and then remitted to and distributed by the State. Most 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. 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 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 and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Stallings Municipal Park Capital Project Fund, Potter/Pleasant Plains Intersection Improvement Capital Project Fund and the ARPA Special Revenue Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the Town Council, and the Council must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity**

**1. Deposits and Investments**

All deposits of the Town are made in board-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 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 STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**I. 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). The Town's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) mutual fund, is authorized by G.S. 159-30(c)(8). The Government Portfolio, which invests in treasuries and government agencies, is a money market mutual fund (2a7) and maintains an AAAM rating from S&P and AAAMf by Moody's Investor Service. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. It is reported at fair value.

**2. Cash and Cash Equivalents**

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

**3. Restricted Assets**

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

*Restricted Cash*

Governmental Activities

General Fund	
Powell Bill	\$ 163,358
Drug forfeiture	129,964
Escrow deposits	<u>8,626</u>
Total General Fund	301,948
ARPA Fund	<u>711,308</u>
 Total Restricted Cash	 <u>\$ 1,013,256</u>

**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, 2023.

**5. Allowance for Doubtful Accounts**

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**I. Summary of Significant Accounting Policies (continued)**

6. 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.

7. Capital Assets

Capital assets are defined by the government as assets with an initial individual cost of \$5,000 and an estimated useful life of three years or greater. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are recorded at cost or estimated historical cost.

The Town elected not to adopt retroactive capitalization of general infrastructure assets acquired prior to July 1, 2003, pursuant to GASB 34. 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.

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

	<u>Years</u>
Buildings	39
Infrastructure	10 to 30
Improvements	15
Furniture and Equipment	5 to 10
Vehicles	5
Computer equipment	5
Computer software	3

The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**I. Summary of Significant Accounting Policies (continued)**

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement 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 one item that meets this criterion: pension deferrals in the 2024 fiscal year. In addition to liabilities, the statement of financial 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 several items that meet the criterion for this category – prepaid taxes, property taxes receivable, and pension deferrals.

9. 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.

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's governmental-wide financial statements, 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'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.

11. Reimbursements for Pandemic-related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The Town was allocated \$5,145,370 of fiscal recovery funds to be paid in two equal installments. The first installment of \$2,572,685 was received in July 2021. The second installment of \$2,572,685 was received in August 2022. The Town and Town Council have elected to use all of the ARPA funds for law enforcement services from July 1, 2022 through December 31, 2024. Revenue replacement funds will be transferred to the general fund as the expenditures are incurred.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**I. Summary of Significant Accounting Policies (continued)**

12. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are 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:

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

Restricted for Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina 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 for 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 inventories and 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 balance sheet.

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents that balance of the total unexpended Powell Bill funds.

Restricted for Drug Forfeiture – funds received from forfeitures, restricted for law enforcement.

Restricted for American Rescue Plan (ARPA) – portion of fund balance that is restricted by revenue source and elected by the Town to be used for law enforcement salaries and benefits.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**I. Summary of Significant Accounting Policies (continued)**

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Stallings Town Council (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Parks and Recreation – committed for park improvements.

Capital Projects Funds – committed to construction of Stallings Town Park and the Potter/Pleasant Plains Intersection Improvement.

Assigned Fund Balance – portion of fund balance that the Town of Stallings council intends to use for specific purposes.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

The Town of Stallings adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 20% of budgeted expenditures. Any portion of the general fund balance in excess of 20% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

Unassigned Fund Balance – the 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. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

The Town of Stallings 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.

**13. 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 Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Stallings' 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.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**I. Summary of Significant Accounting Policies (continued)**

14. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**II. Stewardship, Compliance, and Accountability**

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. *Noncompliance with North Carolina General Statutes*

None

B. Deficit in Fund Balance or Net Position of Individual Funds

None

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2024, debt service expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for general government activities by \$4,237. This over-expenditure occurred because of reclassifications for IT subscriptions as required by the implementation of GASB 96. Management and the Board will more closely review the budget reports to ensure compliance in future years.

**III. Detail Notes on All Funds**

A. Assets

1. Deposits

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**III. Detail Notes on All Funds (continued)**

At June 30, 2024, the Town's deposits had a carrying amount of \$1,931,047 and a bank balance of \$2,063,236. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

**2. Investments**

At June 30, 2024, the Town had \$16,366,799 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

**3. Capital Assets**

Capital asset activity for the Primary Government for the year ended June 30, 2024 was as follows:

	July 1, 2023	Additions	Retirements	Adjustments/ Transfers	June 30, 2024
<b>Governmental activities:</b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 3,277,444	\$ -	\$ 372,060	\$ -	\$ 2,905,384
Construction in Progress	-	-	-	-	-
Total capital assets not being depreciated	3,277,444		372,060		2,905,384
<b>Capital assets being depreciated:</b>					
Buildings and improvements	7,019,537	-	-	-	7,019,537
Land improvements	3,515,999	165,169	-	-	3,681,168
Equipment	874,156	168,005	-	-	1,042,161
Computers and software	121,323	-	-	-	121,323
Vehicles	1,159,961	117,956	158,130	-	1,119,787
Infrastructure	34,276,011	1,751,706	-	-	36,027,717
Total capital assets being depreciated	46,966,987	2,202,836	158,130	-	49,011,693
<b>Less accumulated depreciation:</b>					
Buildings and improvements	1,269,463	195,355	-	-	1,464,818
Land improvements	2,175,709	225,603	-	-	2,401,312
Equipment	529,055	116,821	-	-	645,876
Computers and software	112,145	5,000	-	-	117,145
Vehicles	863,121	114,544	158,130	-	819,535
Infrastructure	30,028,798	928,621	-	-	30,957,419
Total accumulated depreciation	34,978,291	\$ 1,585,944	\$ 158,130	\$ -	36,406,105
Total capital assets being depreciated, net	11,988,696				12,605,588
<b>Capital assets being amortized:</b>					
Right to use asset:					
Leased equipment	-	65,284	-	-	65,284
IT subscriptions	24,297	-	3,839	-	20,458
Total capital assets being amortized	24,297	65,284	3,839	-	85,742
<b>Less accumulated amortization:</b>					
Right to use asset:					
Leased equipment	-	8,160	-	-	8,160
IT subscriptions	8,281	8,759	3,839	-	13,201
Total accumulated amortization	8,281	16,919	3,839	-	21,361

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**III. Detail Notes on All Funds (continued)**

	July 1, 2023	Additions	Retirements	Adjustments/ Transfers	June 30, 2024
Total capital assets being amortized, net	<u>16,016</u>				<u>64,381</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 15,282,156</u></b>				<b><u>\$ 15,575,353</u></b>

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

General government	\$ 185,430
Public safety	170,127
Transportation	925,061
Public works	17,994
Cultural and recreational	<u>287,332</u>
Total depreciation expense	<u>\$ 1,585,944</u>

	July 1, 2023	Additions	Retirements	June 30, 2024
<b>Business-type activities:</b>				
<b><i>Storm Water Fund</i></b>				
<b>Capital assets being depreciated:</b>				
Equipment	\$ -	\$ 75,000	\$ -	\$ 75,000
Infrastructure	875,316	390,000	-	1,265,316
Total capital assets being depreciated	<u>875,316</u>	<u>465,000</u>	<u>-</u>	<u>1,340,316</u>
<b>Less accumulated depreciation:</b>				
Equipment	-	3,585	-	3,585
Infrastructure	93,352	36,385	-	129,737
Total accumulated depreciation	<u>93,352</u>	<u>\$ 39,970</u>	<u>\$ -</u>	<u>133,322</u>
Total capital assets being depreciated, net	<u>781,964</u>			<u>1,206,994</u>
<b>Business-type capital assets, net</b>	<b><u>\$ 781,964</u></b>			<b><u>\$ 1,206,994</u></b>

**Construction Commitments**

The Town has active construction projects as of June 30, 2024. At year-end, the Town's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Potter/Pleasant Plains Improvement	\$ <u>3,492,386</u>	\$ <u>0</u>
Total	\$ <u>3,492,386</u>	\$ <u>0</u>

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**III. Detail Notes on All Funds (continued)**

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2024, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 697,736	\$ 72,358	\$ 770,094
Total governmental activities	<u>\$ 697,736</u>	<u>\$ 72,358</u>	<u>\$ 770,094</u>
Business-type Activities:			
Storm Water	\$ 29,841	\$ 3,290	\$ 33,131
Total business-type activities	<u>\$ 29,841</u>	<u>\$ 3,290</u>	<u>\$ 33,131</u>

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

*Plan Description.* The Town of Stallings is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental 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 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, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. 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 or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**III. Detail Notes on All Funds (continued)**

LGERS plan members who are law enforcement officers (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 General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Stallings employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2024 was 14.04% of compensation for law enforcement officers and 12.93% for general employees, 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 \$430,814 for the year ended June 30, 2024.

*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, 2024, the Town reported a liability of \$2,466,240 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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, 2023 (measurement date), the Town's proportion was 0.03724%, which was an increase of 0.00247% from its proportion measured as of June 30, 2022.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**III. Detail Notes on All Funds (continued)**

For the year ended June 30, 2024, the Town recognized pension expense of \$704,338. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 274,813	\$ 5,916
Changes of assumptions	104,801	-
Net difference between projected and actual earnings on pension plan investments	660,073	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	42,786	20,483
Town contributions subsequent to the measurement date	430,813	-
Total	\$ 1,513,286	\$ 26,399

\$430,814 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 384,057
2026	192,496
2027	451,609
2028	27,911
2029	-
Thereafter	-
Total	\$ 1,056,073

*Actuarial Assumptions.* The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, 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, 2022 valuation were based on the results of an actuarial experience study prepared as of December 31, 2019, and adopted by the Board of Trustees on January 28, 2021.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**III. Detail Notes on All Funds (continued)**

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2023 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 6.50%. 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.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**III. Detail Notes on All Funds (continued)**

*Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	<b>1% Decrease (5.50%)</b>	<b>Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 4,272,662	\$ 2,466,239	\$ 979,022

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

**b. Law Enforcement Officers Special Separation Allowance**

**1. *Plan Description***

The Town of Stallings 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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent 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 benefit 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, 2023, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to but not receiving benefits	-
Active plan members	<u>23</u>
Total	<u>28</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 that meets the following criteria which are outlined in GASB Statement 73.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**III. Detail Notes on All Funds (continued)**

*3. Actuarial Assumptions*

The entry age actuarial cost method was used in the December 31, 2022 valuation. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.00 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2022.

Mortality rates are based on the Pub-2010 amount-weighted tables with adjustments from 2010 using generational improvement with Scale MP-2019.

*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 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 \$66,133 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, 2024, the Town reported a total pension liability of \$703,939. The total pension liability was measured as of December 31, 2021 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the Town recognized pension expense of \$95,968.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 130,571	\$ 49,621
Changes of assumptions	87,221	82,962
Town benefit payments and plan administrative expense made subsequent to the measurement date	29,688	-
Total	\$ 247,480	\$ 132,583

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**III. Detail Notes on All Funds (continued)**

\$29,688 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 36,275
2026	30,107
2027	3,427
2028	6,203
2029	9,197
Thereafter	-
Total	<u>\$ 85,209</u>

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following presents the Town's total pension liability calculated using the discount rate of 4.00 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

	<b>1% Decrease (3.00%)</b>	<b>Discount Rate (4.00%)</b>	<b>1% Increase (5.00%)</b>
Total pension liability	\$ 768,361	\$ 703,939	\$ 646,437

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

	2024
Beginning balance	\$ 637,549
Service cost	39,793
Interest on the total pension liability	26,053
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	49,619
Changes of assumptions or other inputs	17,058
Benefit payments	(66,133)
Other changes	-
Ending balance of the total pension liability	<u>\$ 703,939</u>

The plan currently uses mortality tables that vary by age, 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, 2022 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employee's Retirement System for the five-year period ending December 31, 2019.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**III. Detail Notes on All Funds (continued)**

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 704,338	\$ 95,968	\$ 800,306
Pension Liability	\$ 2,466,239	\$ 703,939	\$ 3,170,178
Proportionate share of the net pension liability	0.03724%	n/a	
 Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 274,813	\$ 130,570	\$ 405,383
Changes of assumptions	104,801	87,221	192,022
Net difference between projected and actual earnings on plan investments	660,073	-	660,073
Changes in proportion and differences between contributions and proportionate share of contributions	42,786	-	42,786
Benefit payments and administrative costs paid subsequent to the measurement date	430,813	29,688	460,501
 Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 5,916	\$ 49,621	\$ 55,537
Changes of assumptions	-	82,962	82,962
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	20,483	-	20,483

**c. Supplemental Retirement Income Plan for Law Enforcement Officers**

*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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2024 were \$159,511, which consisted of \$87,156 from the Town and \$72,355 from the law enforcement officers. The Town has elected to contribute to the Supplemental Retirement Income Plan for non-law enforcement employees. Contributions for the year ended June 30, 2024 were \$119,874, which consisted of \$58,207 from the Town and \$61,667 from non-law enforcement employees.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**III. Detail Notes on All Funds (continued)**

*5. Other Employment Benefits*

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government 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 months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment 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.

The Town also provides a death benefit through NC League of Municipalities. If an employee dies during active service, the beneficiaries of the employee will receive a lump sum of \$30,000.

*6. Deferred Outflows and Inflows of Resources*

The Town has several deferred outflow of resources. Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	\$	430,814
Benefit payments made and administrative expenses for LEOSSA		29,688
Differences between expected and actual experience		405,383
Changes of assumptions		192,022
Net difference between projected and actual		660,073
Changes in proportion and differences between employer contributions and proportionate share of contributions		42,786
Total	<u>\$</u>	<u>1,760,766</u>

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 932	\$ 932
Taxes receivable, less penalties (General Fund)	-	10,605
Changes in assumptions	82,962	-
Differences between expected and actual experience	55,537	-
Net difference between projected and actual earnings on plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,483	-
Total	<u>\$ 159,914</u>	<u>\$ 11,537</u>

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**III. Detail Notes on All Funds (continued)**

*7. 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 has the following coverage:

General Liability		\$5,000,000 each occurrence
Public Officials Liability	\$5,000,000 aggregate	\$5,000,000 each claim
Police Professional Liability	\$5,000,000 aggregate	\$5,000,000 each occurrence
Employment Practice Liability	\$5,000,000 aggregate	\$5,000,000 each claim
Employee Benefits Liability		\$5,000,000 each claim
Business Auto	\$5,000,000 each accident	
Workman's Compensation	Up to statutory limits	

In addition, the Town has property insurance which covers the Town's listed values for assets on the policy as well as flood and earthquake insurance with a coverage amount of \$9,835,563 with a \$2,500 deductible.

There have been no reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three years.

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 officer is individually bonded for \$1,000,000. The Town carries commercial crime coverage for other financial risks. The remaining employees that have access to funds are covered to a \$50,000 limit.

*8. Claims, Judgments and Contingent Liabilities*

At June 30, 2024, the Town was the defendant to various lawsuits. In the opinion of the Town's management and the Town attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

*9. Long-Term Obligations*

a. Installment Purchase

In January 2019, the Town entered into a \$2,918,000 direct placement contract to finance a new town hall building and public works building. The property is pledged as collateral for the debt while the debt is outstanding. The financing contract requires principal payments beginning in the fiscal year ending 2020 with an interest rate of 3.45%.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**III. Detail Notes on All Funds (continued)**

Annual debt service payments of the installment purchase as of June 30, 2024, including \$137,037 of interest, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2025	\$ 291,800	\$ 47,823
2026	291,800	37,755
2027	291,800	27,687
2028	291,800	17,619
2029	291,800	6,153
	<u>\$ 1,459,000</u>	<u>\$ 137,037</u>

At June 30, 2024, the Town had a legal debt margin of \$220,967,653.

**b. Leases and Subscription-based Information Technology Arrangements**

Subscription-based Information Technology Arrangements (SBITAs): The Town has entered into certain subscription-based information technology arrangements that convey control of the right to use another entity's intangible asset for a period of time in an exchange or exchange-like transaction. These are generally for licenses and software contracts. The total amount of the subscription asset and related accumulated amortization is \$20,458 and \$13,201, respectively. Minimum payments due for fiscal year 2025 are \$6,805 and \$79, respectively, for principal and interest.

The Town entered into a lease for copiers for administrative, police and parks departments. The term of the lease is 64 months. The Town was required to make monthly fixed payments of \$1,131 in fiscal year 2024. The lease does not contain a stated interest rate. Accordingly, the Town's estimated incremental borrowing rate of 3.92% was used to discount the remaining minimum lease payments. The liability balance as of June 30, 2024 is \$56,877.

**c. Changes in Long-Term Liabilities**

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion
Governmental Activities:					
Direct Placement Installment Purchase	\$ 1,750,800	\$ -	\$ 291,800	\$ 1,459,000	\$ 291,800
Compensated absences	181,711	245,093	181,711	245,093	245,093
Net pension liability (LGERS)	1,907,871	458,425	-	2,366,296	-
Total pension liability (LEO)	637,549	66,390	-	703,939	-
Lease liability	-	64,333	7,456	56,877	11,554
SBITA liability	13,716	-	6,911	6,805	6,805
Total governmental activities long-term liabilities	<u>\$ 4,491,647</u>	<u>\$ 834,241</u>	<u>\$ 487,878</u>	<u>\$ 4,838,010</u>	<u>\$ 555,252</u>

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**III. Detail Notes on All Funds (continued)**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Current Portion</u>
Business-type Activities:					
Storm Water Fund					
Compensated absences	\$ 4,619	\$ 7,857	\$ 4,619	\$ 7,857	\$ 7,857
Net pension liability (LGERS)	<u>53,654</u>	<u>46,290</u>	<u>-</u>	<u>99,944</u>	<u>-</u>
Total business-type activities					
long-term liabilities	<u>\$ 58,273</u>	<u>\$ 54,147</u>	<u>\$ 4,619</u>	<u>\$ 107,801</u>	<u>\$ 7,857</u>

The liability for pension-related debt related to LGERS is majority liquidated by the general fund with a small portion by the storm water fund. For compensated absences, the general fund approximately liquidates 97% and the storm water fund the remainder. The total pension liability (LEOSSA) is entirely liquidated by the general fund.

d. Interfund Balance and Activity

Balances due to/from other funds at June 30, 2024, consist of the following:

Due to the General Fund for coverage of payroll expenses for the  
for the Storm Water Fund:

Storm Water Fund	\$ <u>55,346</u>
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The interfund balances resulted from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**D. Fund Balance**

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

<u>Total Fund Balance - General Fund</u>	<u>\$ 15,969,210</u>
Less:	
Prepays	36,000
Stabilization by State Statute	1,703,921
Streets - Powell Bill	163,358
Drug Forfeiture Fund	129,964
Parks and Recreation	-
Subsequent Year Expenditures	460,400
Minimum Fund Balance Policy	<u>2,263,100</u>
Remaining Fund Balance	<u>\$ 11,212,467</u>

The Town of Stallings has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 20% of budgeted expenditures. Any portion of the General Fund balance in excess of 20% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**III. Detail Notes on All Funds (continued)**

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. As of June 30, 2024, the Town had the following encumbrances:

Governmental Activities:	
General Fund	\$ 1,020,594
Stormwater Fund	81,136
Total governmental activities	<u>\$ 1,101,730</u>

**E. Summary Disclosure of Commitments**

The Town of Stallings entered into a contract for the curbside pick-up and disposal of rubbish, yard waste and recyclable materials, and the use of a sanitary landfill. The contract commenced on July 1, 2011 and was originally scheduled to end June 30, 2016. In March 2018, the Town approved a third amendment to the contract which extended the terms an additional five years expiring on June 20, 2023. Subsequent amendments have occurred, which include an extension with an expiration date of June 30, 2027.

**F. Summary Disclosure of Significant 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 money 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 money.

**G. Significant Effects of Subsequent Events**

Management has evaluated subsequent events through November 4, 2024, the date the financial statements were made available to be issued and determined that no other events occurred that required recording in the financial statements.

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## **Required Supplementary Information**

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This section contains additional information required by generally accepted accounting principles.

- Schedule of Proportionate Share of Net Pension Asset - Local Governments Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' Special Separation Allowance



**Town of Stallings**  
**Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Ten Fiscal Years**  
**From Inception and For the Fiscal Year Ended June 30, 2024**

**Local Government Employees' Retirement System**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Stallings' proportion of the net pension liability (asset) (%)	0.03724%	0.03477%	0.03411%	0.03264%	0.03422%	0.03156%	0.03395%	0.0308%	0.0318%	0.0309%
Stallings' proportion of the net pension liability (asset) (\$)	\$ 2,466,240	\$ 1,961,525	\$ 523,111	\$ 1,166,367	\$ 934,523	\$ 748,712	\$ 518,663	\$ 653,679	\$ 142,761	\$ (180,285)
Stallings' covered payroll	\$ 2,767,303	\$ 2,264,385	\$ 2,242,166	\$ 2,166,675	\$ 2,200,303	\$ 2,083,532	\$ 2,055,502	\$ 1,800,336	\$ 1,692,841	\$ 1,625,913
Stallings' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	89.12%	86.63%	23.33%	53.83%	42.47%	35.93%	25.23%	36.31%	8.43%	-11.09%
Plan fiduciary net position as a percentage of the total pension liability	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%

Pension schedules are intended to show information for ten years, additional years' information will be displayed as it comes available.

**Town of Stallings  
Town of Stallings' Contributions  
Required Supplementary Information  
Last Ten Fiscal Years**

**Local Government Employees' Retirement System**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 430,813	\$ 308,104	\$ 266,887	\$ 236,687	\$ 203,373	\$ 180,231	\$ 166,784	\$ 159,297	\$ 126,958	\$ 124,306
Contributions in relation to the contractually required contribution	430,813	308,104	266,887	236,687	203,373	180,231	166,784	159,297	126,958	124,306
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stallings' covered payroll	\$ 3,183,070	\$ 2,767,303	\$ 2,264,385	\$ 2,242,166	\$ 2,166,675	\$ 2,200,303	\$ 2,083,532	\$ 2,055,502	\$ 1,800,336	\$ 1,692,841
Contributions as a percentage of covered payroll	13.53%	11.13%	11.79%	10.56%	9.39%	8.19%	8.00%	7.75%	7.05%	7.34%

Pension schedules are intended to show information for ten years, additional years' information will be displayed as it comes available.

**Town of Stallings**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 637,549	\$ 675,992	\$ 796,100	\$ 552,433	\$ 503,015	\$ 524,452	\$ 523,764	\$ 508,487
Service cost	39,793	50,027	46,594	28,044	29,135	27,408	23,192	27,802
Interest on the total pension liability	26,053	14,212	14,701	17,202	17,629	16,259	19,834	17,798
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	49,619	99,495	(96,436)	54,977	25,345	(28,980)	(48,748)	-
Changes of assumptions or other inputs	17,058	(113,521)	(16,167)	192,981	14,698	(16,258)	26,276	(10,457)
Benefit payments	(66,133)	(88,656)	(68,800)	(49,537)	(37,389)	(19,866)	(19,866)	(19,866)
Other changes	-	-	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 703,939</u>	<u>\$ 637,549</u>	<u>\$ 675,992</u>	<u>\$ 796,100</u>	<u>\$ 552,433</u>	<u>\$ 503,015</u>	<u>\$ 524,452</u>	<u>\$ 523,764</u>

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

Pension schedules are intended to show information for ten years, additional years' information will be displayed as it comes available.

This schedule will not present ten years' worth of fiscal information until 2026.

**Town of Stallings**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 703,939	\$ 637,549	\$ 675,992	\$ 796,100	\$ 552,433	\$ 503,015	\$ 524,452	\$ 523,764
Covered-employee payroll	1,426,175	1,229,614	1,179,406	1,145,268	1,191,154	1,026,657	1,062,451	1,191,875
Total pension liability as a percentage of covered-employee payroll	49.36%	51.85%	57.32%	69.51%	46.38%	49.00%	49.36%	43.94%

Notes to the schedules:

The Town of Stallings has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Pension schedules are intended to show information for ten years, additional years' information will be displayed as it comes available.

This schedule will not present ten years' worth of fiscal information until 2026.

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## **Individual Fund Statements and Schedules**

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**Town of Stallings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2024**

**Schedule 1**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes	\$ 4,942,803	\$ 5,078,709	
Penalties and interest	8,520	8,953	
Total	<u>4,951,323</u>	<u>5,087,662</u>	<u>\$ 136,339</u>
Other taxes and licenses:			
Gross receipts tax - vehicle rental	12,500	9,826	
Total	<u>12,500</u>	<u>9,826</u>	<u>(2,674)</u>
Unrestricted intergovernmental:			
Local option sales tax	1,790,000	2,169,367	
Utilities sales tax	815,000	869,360	
Beer and wine tax	70,000	83,031	
Total	<u>2,675,000</u>	<u>3,121,758</u>	<u>446,758</u>
Restricted intergovernmental:			
Powell Bill allocation	450,000	505,554	
Solid waste disposal tax	12,780	13,299	
Governor's Crime Commission Grant	17,575	6,402	
Drug forfeiture	-	-	
Bullet proof vest grant	3,291	2,613	
NC Rural Economic Development Grant	100,000	59,964	
Total	<u>583,646</u>	<u>587,832</u>	<u>4,186</u>
Permits and fees:			
Zoning fees	50,000	101,278	
Fees in Lieu of Park Land	-	-	
Civil citations	800	226,400	
Public safety fees	23,357	40,134	
Traffic impact analysis fees	-	11,000	
Total	<u>74,157</u>	<u>378,812</u>	<u>304,655</u>
Sales and services:			
Rent	23,042	14,000	
Festival/event sales	1,017	1,392	
Total	<u>24,059</u>	<u>15,392</u>	<u>(8,667)</u>
Investment earnings	<u>297,000</u>	<u>681,872</u>	<u>384,872</u>
Miscellaneous:			
Insurance reimbursements	6,282	13,969	
Park fees and contributions	2,000	5,500	
Miscellaneous revenues	201,628	401,159	
Total	<u>209,910</u>	<u>420,628</u>	<u>210,718</u>
Total revenues	<u>8,827,595</u>	<u>10,303,782</u>	<u>1,476,187</u>

**Town of Stallings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund (Continued)**  
**For the Fiscal Year Ended June 30, 2024**

**Schedule 1**  
**cont**

	Budget	Actual	Variance Positive (Negative)
<b>Expenditures:</b>			
General government:			
Governing body:			
Salaries - elected officials		38,081	
Administration:			
Salaries and employee benefits		685,049	
Operating expenditures		276,582	
Contracted services		209,830	
Capital outlay		21,761	
Total	<u>1,421,852</u>	<u>1,231,303</u>	<u>190,549</u>
Public safety:			
Police:			
Salaries and employee benefits		2,760,364	
Operating expenditures		649,261	
Contracted services		9,330	
Capital outlay		158,976	
Total	<u>3,859,828</u>	<u>3,577,931</u>	<u>281,897</u>
Transportation:			
Streets and highways:			
Salaries and employee benefits		141,005	
Operating expenditures		36,742	
Contracted services		57,021	
Capital outlay		1,039,706	
Total	<u>1,987,298</u>	<u>1,274,474</u>	<u>712,824</u>
Environmental protection:			
Contracted services	<u>1,400,000</u>	<u>1,320,979</u>	<u>79,021</u>
Economic and physical development:			
Salaries and employee benefits		287,478	
Operating expenditures		220,010	
Contracted services		121,586	
Total	<u>648,360</u>	<u>629,074</u>	<u>19,286</u>
Public works;			
Salaries and employee benefits		127,665	
Operating expenditures		173,167	
Contracted services		169,608	
Capital outlay		7,100	
Total	<u>663,388</u>	<u>477,540</u>	<u>185,848</u>
Cultural and recreation:			
Salaries and employee benefits		494,755	
Operating expenditures		323,440	
Contracted services		50,509	
Capital outlay		328,577	
Total	<u>1,488,425</u>	<u>1,197,281</u>	<u>291,144</u>

**Town of Stallings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund (Continued)**  
**For the Fiscal Year Ended June 30, 2024**

**Schedule 1**  
**cont**

	Budget	Actual	Variance Positive (Negative)
Debt service:			
Principal	303,000	306,167	
Interest	57,886	58,956	
Total	360,886	365,123	(4,237)
Contingency	1	-	
Total	1	-	1
Total expenditures	11,830,038	10,073,705	1,756,333
Revenues over (under) expenditures	(3,002,443)	230,077	3,232,520
<b>Other financing sources (uses):</b>			
Lease liabilities issued	25,000	64,333	39,333
Transfer from ARPA fund	2,042,949	2,640,648	597,699
Transfer to capital project fund	(261,827)	(261,827)	-
Total	1,806,122	2,443,154	637,032
Fund balance appropriated	1,196,321	-	(1,196,321)
Net change in fund balance	\$ -	2,673,231	\$ 2,673,231
Fund balances, beginning		13,295,979	
Fund balances, ending		\$ 15,969,210	

**Town of Stallings  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2024**

**Schedule 2**

	<b>Stallings Municipal Park Capital Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>		
Current assets:		
Due from other funds	\$ -	\$ -
Total assets	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
Fund balance:		
Unrestricted	-	-
Total liabilities and fund balances	\$ -	\$ -

**Town of Stallings**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2024**

**Schedule 3**

	<b>Stallings Municipal Park Capital Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>		
Contributions	\$ -	\$ -
Investment earnings	-	-
Total revenues	-	-
<b>EXPENDITURES</b>		
General government	-	-
Transportation	-	-
Cultural and recreational	-	-
Total expenditures	-	-
Revenue over (under) expenditures	-	-
Other financing sources:		
Transfer from General Fund	-	-
Total other financing sources	-	-
Net change in fund balance	-	-
Fund balance, beginning	-	-
Fund balance, ending	\$ -	\$ -

**Town of Stallings**  
**Stallings Municipal Park Capital Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2024**

**Schedule 4**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
Contributions	\$ -	\$ 3,750	\$ -	\$ 3,750	\$ 3,750
Restricted intergovernmental	138,000	-	-	-	(138,000)
Total Revenues	<u>138,000</u>	<u>3,750</u>	<u>-</u>	<u>3,750</u>	<u>(134,250)</u>
<b>Expenditures:</b>					
Cultural and recreation	<u>3,163,336</u>	<u>3,003,691</u>	<u>-</u>	<u>3,003,691</u>	<u>159,645</u>
Total Expenditures	<u>3,163,336</u>	<u>3,003,691</u>	<u>-</u>	<u>3,003,691</u>	<u>159,645</u>
Revenues over (under) expenditures	<u>(3,025,336)</u>	<u>(2,999,941)</u>	<u>-</u>	<u>(2,999,941)</u>	<u>25,395</u>
<b>Other financing sources:</b>					
Transfer from General Fund	<u>3,025,336</u>	<u>2,999,941</u>	<u>-</u>	<u>2,999,941</u>	<u>(25,395)</u>
Total other financing sources	<u>3,025,336</u>	<u>2,999,941</u>	<u>-</u>	<u>2,999,941</u>	<u>(25,395)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total fund balance:</b>					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

**Town of Stallings**  
**Potter/Pleasant Plains Intersection Improvement - Capital Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2024**

**Schedule 5**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
NC DOT Spot Safety Grant	\$ 1,061,006	\$ 1,447,511	\$ -	\$ 1,447,511	\$ 386,505
Union County	342,000	42,000	-	42,000	(300,000)
Total Revenues	<u>1,403,006</u>	<u>1,489,511</u>	<u>-</u>	<u>1,489,511</u>	<u>86,505</u>
<b>Expenditures:</b>					
Transportation	<u>3,991,555</u>	<u>2,072,659</u>	<u>1,419,727</u>	<u>3,492,386</u>	<u>499,169</u>
Total Expenditures	<u>3,991,555</u>	<u>2,072,659</u>	<u>1,419,727</u>	<u>3,492,386</u>	<u>499,169</u>
Revenues over (under) expenditures	<u>(2,588,549)</u>	<u>(583,148)</u>	<u>(1,419,727)</u>	<u>(2,002,875)</u>	<u>585,674</u>
<b>Other financing sources:</b>					
Transfer from General Fund	<u>2,588,549</u>	<u>1,741,048</u>	<u>261,827</u>	<u>2,002,875</u>	<u>(585,674)</u>
Total other financing sources	<u>2,588,549</u>	<u>1,741,048</u>	<u>261,827</u>	<u>2,002,875</u>	<u>(585,674)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,157,900</u>	<u>(1,157,900)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total fund balance:</b>					
Beginning of year, July 1			<u>1,157,900</u>		
End of year, June 30			<u>\$ -</u>		

**Town of Stallings**  
**American Rescue Plan Act (ARPA): Coronavirus State and Local Fiscal Recovery Funds**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2024**

**Schedule 6**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
CSLRF funds	\$ 5,145,370	\$ 5,145,370	\$ -	\$ 5,145,370	\$ -
Investment revenues	-	158,589	132,949	291,538	291,538
<b>Total Revenues</b>	<u>5,145,370</u>	<u>5,303,959</u>	<u>132,949</u>	<u>5,436,908</u>	<u>291,538</u>
<b>Expenditures:</b>					
<b>Public Safety</b>					
Salaries	5,145,370	-	-	-	5,145,370
<b>Total Expenditures</b>	<u>5,145,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,145,370</u>
<b>Revenues over (under) expenditures</b>	<u>-</u>	<u>5,303,959</u>	<u>132,949</u>	<u>5,436,908</u>	<u>5,436,908</u>
<b>Other financing sources:</b>					
Transfer to General Fund	-	(2,084,952)	(2,640,648)	(4,725,600)	(4,725,600)
<b>Total other financing sources</b>	<u>-</u>	<u>(2,084,952)</u>	<u>(2,640,648)</u>	<u>(4,725,600)</u>	<u>(4,725,600)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ 3,219,007</u>	<u>(2,507,699)</u>	<u>\$ 711,308</u>	<u>\$ 711,308</u>
<b>Total fund balance:</b>					
Beginning of year, July 1			3,219,007		
End of year, June 30			<u>\$ 711,308</u>		

**Town of Stallings**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP) - Storm Water Fund**  
**For the Fiscal Year Ended June 30, 2024**

**Schedule 7**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Residential and commercial fees		\$ 882,994	
Total revenues	\$ 798,172	882,994	\$ 84,822
Expenditures:			
Salaries and employee benefits		177,257	
Professional fees		34,358	
Other operating expenditures		324,900	
Capital Outlay		75,000	
Total expenditures	893,994	611,515	282,479
Revenues over (under) expenditures	(95,822)	271,479	367,301
Other financing sources (uses):			
Transfer to other fund:			
Fund balance appropriated	-	-	-
General Fund	-	-	-
Total other financing sources (uses)	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ (95,822)	271,479	\$ 367,301
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		75,000	
Depreciation		(39,970)	
Capital contributions		390,000	
Decrease in deferred outflows of resources - pensions		26,015	
Increase in net pension liability		(46,290)	
Decrease in deferred inflows of resources - pensions		(106)	
Increase in accrued vacation pay		(3,238)	
Change in net position		\$ 672,890	



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## **Other Schedules**

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**Town of Stallings**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2024**

**Schedule 8**

Fiscal Year	Uncollected Balance 06/30/2023	Additions	Collections And Credits	Uncollected Balance 06/30/2024
2023-2024	\$ -	\$ 5,086,238	\$ 5,083,865	\$ 2,373
2022-2023	6,352	-	3,788	2,564
2021-2022	1,555	-	348	1,207
2020-2021	2,049	-	1,465	584
2019-2020	394	-	62	332
2018-2019	203	-	10	193
2017-2018	115	-	1	114
2016-2017	339	-	6	333
2015-2016	108	-	-	108
2014-2015	2,797	-	-	2,797
2013-2014	2,564	-	2,564	-
2012-2013				
2011-2012	<u>\$ 16,476</u>	<u>\$ 5,086,238</u>	<u>\$ 5,092,109</u>	<u>\$ 10,605</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 5,087,662
Amounts written off per Statute of Limitations	3,963
Interest and penalties collected	(8,953)
Refunds and adjustments	<u>9,437</u>
Total collections and credits	<u>\$ 5,092,109</u>

**Town of Stallings  
Analysis of Current Tax Levy  
Town-Wide Levy  
June 30, 2024**

**Schedule 9**

	Town-Wide Levy			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 2,527,692,712	\$ 0.186	\$ 4,614,468	\$ 4,614,468	\$ -
Registered motor vehicles	251,612,560	0.186	468,378	-	468,378
Total	<u>2,779,305,272</u>		<u>5,082,846</u>	<u>4,614,468</u>	<u>468,378</u>
Discoveries	4,231,280	0.186	7,870	7,870	-
Releases	(2,407,360)	0.186	(4,478)	(4,478)	-
Total property valuation	<u>\$ 2,781,129,192</u>				
Net levy			<u>5,086,238</u>	<u>4,617,860</u>	<u>468,378</u>
Uncollected taxes at June 30, 2024			<u>(2,373)</u>	<u>(1,533)</u>	<u>(840)</u>
Current year's taxes collected			<u>\$ 5,083,865</u>	<u>\$ 4,616,327</u>	<u>\$ 467,538</u>
Current levy collection percentage			<u>99.95%</u>	<u>99.97%</u>	<u>99.82%</u>

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## **Compliance Section**

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**Report 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***

**Independent Auditors' Report**

To the Honorable Mayor and  
Members of the Town Council  
Town of Stallings, 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 accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stallings, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprises the Town of Stallings' basic financial statements, and have issued our report thereon dated November 4, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Stallings' 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 of Stallings' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Stallings' 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 combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity'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, described in the accompanying schedule of findings and questioned as item 2024-001 that we consider to be a significant deficiency.

**Report on Compliance and Other Matters**

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



### **Town of Stallings' Response to Findings**

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

### **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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Potter & Company, P.A.***

Monroe, North Carolina  
November 4, 2024



**Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; With OMB Uniform Guidance; And The State Single Audit Implementation Act**

**Independent Auditors' Report**

To the Honorable Mayor and Town Council  
Town of Stallings, North Carolina

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

**Opinion on Each Major Federal Program**

We have audited the Town of Stallings, North Carolina, compliance with the types of compliance requirements described 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 each of the Town of Stallings' major federal programs for the year ended June 30, 2024. The Town of Stallings' major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Stallings complied, in all material respects, with the types compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Stallings 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 reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Stallings' 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 Town of Stallings' federal programs.

## **Auditors' Responsibilities 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 Town of Stallings' 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*, and the Uniform Guidance 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 Town of Stallings' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Town of Stallings' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Town of Stallings' 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, but not for the purpose of expressing an opinion on the effectiveness of Town of Stallings' 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 a 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 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 Auditors' 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. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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

*Potter & Company, P.A.*

Monroe, North Carolina  
November 4, 2024



**Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; With OMB Uniform Guidance; And The State Single Audit Implementation Act**

**Independent Auditors' Report**

To the Honorable Mayor and Town Council  
Town of Stallings, North Carolina

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

**Opinion on Each Major State Program**

We have audited the Town of Stallings, North Carolina, compliance with the types of compliance requirements described 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 each of the Town of Stallings' major State programs for the year ended June 30, 2024. The Town of Stallings' major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Stallings complied, in all material respects, with the types compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2024.

**Basis for Opinion on Each Major State Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Stallings 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 reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the Town of Stallings' 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 Town of Stallings State programs.

## **Auditors' Responsibilities 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 Town of Stallings' 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*, and the Uniform Guidance 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 Town of Stallings' compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 Town of Stallings' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Town of Stallings' 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, but not for the purpose of expressing an opinion on the effectiveness of Town of Stallings' 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 State program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 State 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State 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 Auditors' 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 or material weaknesses 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. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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

*Potter & Company, P.A.*

Monroe, North Carolina  
November 4, 2024

**TOWN OF STALLINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**Section I. Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies)?   X   Yes    \_\_\_\_\_ None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses. \_\_\_\_\_ Yes      X   No

Noncompliance material to federal awards. \_\_\_\_\_ Yes      X   No

Type of auditors' report issued on compliance for major federal programs: Unmodified, for all federal programs

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes      X   No

Identification of major federal programs:

Assistance Listing No.  
21.027

Name 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      X   No



**TOWN OF STALLINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024**

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**Section II. Financial Statement Findings**

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**Finding 2024-001 - Gross Pay Payroll Calculations**

**SIGNIFICANT DEFICIENCY**

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting.

**Condition:** Controls over payroll have been designed but not properly implemented. We examined 25 paychecks and noted three occurrences of employees' gross pay higher than what was approved in the personnel files. An instance was also noted where separation allowance was overpaid to a retiree for approximately nine months.

**Effect:** Lack of proper implementation of control policies greatly increases the risk of an error or irregularity going undetected and can result in improper reporting.

**Cause:** Management does not have adequate safeguards in place to monitor internal control over the payroll system.

**Recommendation:** Management should strengthen internal controls over the payroll system and implement review/approval steps for gross pay calculations.

**Views of Responsible Officials and Corrective Action Plan:** The Town agrees with this finding. Please refer to the corrective action plan to follow.

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**Section III. Federal Award Findings and Questioned Costs**

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None reported.

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**Section IV. State Award Findings and Questioned Costs**

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None reported.



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Town of  
**Stallings**

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315 Stallings Road • Stallings, North Carolina 28104

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2024**

**Significant Deficiency**

**Finding: 2024-001**

**Name of Contact Person:** Jessie Williams, Finance Officer

**Corrective Action:** A wage confirmation form is completed prior to any payroll run that includes new hires and/or pay changes. This form details the payroll information and/or changes being entered. Prior to the payroll run and providing the form to the employee for their signature, the data in the payroll system is verified to the data on the form by someone other than the individual who entered that data. Also, a *New Employee and Change Audit* report is reviewed after each payroll as a backup.

For retirees receiving separation allowance, an end date has been added in the payroll system to automatically terminate payments. In addition, a special separation analysis is being added to the annual budget process.

**Proposed Completion Date:** The aforementioned internal control procedures were implemented prior to the fiscal year ending June 30, 2024.

**TOWN OF STALLINGS  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2024**

Material Weakness – Untimely Reconciliation of Records and Reporting

Finding 2023-001

Status: Corrected

Significant Deficiency – Powell Bill Allowable Costs/Cost Principles

Finding 2023-002

Status: Corrected

**Town of Stallings**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2024**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct and Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>U.S. Department of Treasury</u> Coronavirus State Local Fiscal Recovery Fund	21.027		\$ 2,640,648	\$ -	\$ -
<u>U.S. Department of Justice</u> Passed-through the NC Department of Public Safety Edward Byrne Memorial Justice Assistance Grant	16.738	15PBJA-21-GG-00278-JAGX	3,503	-	-
Total Assistance - Federal Programs			<u>2,644,151</u>	<u>-</u>	<u>-</u>
<b>State Grants:</b>					
<u>NC Department of Transportation</u>					
Powell Bill			-	844,436	-
Passed through Charlotte Regional Transportation Planning Organization			-	59,964	14,991
Total NC Department of Transportation			<u>-</u>	<u>904,400</u>	<u>14,991</u>
<u>NC Department of Public Instruction</u>					
Passed through Union County Public Schools: Center for Safer Schools School Safety Grant			-	36,666	40,685
Total NC Department of Public Instruction			<u>-</u>	<u>36,666</u>	<u>40,685</u>
Total Assistance - State Programs			<u>-</u>	<u>941,066</u>	<u>55,676</u>
Total Federal and State awards			<u>\$ 2,644,151</u>	<u>\$ 941,066</u>	<u>\$ 55,676</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Stallings under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. 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 Stallings, it is not intended to and does not present the financial position, changes in net position of cash flows of The Town of Stallings.

Note 2. Summary of Significant Accounting Policies

Expenditures reported in 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 Stallings has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.





**Comprehensive Financial Statements and  
Supplementary Information  
Fiscal Year Ended on June 30, 2024**