



North Carolina

**COMPREHENSIVE FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Fiscal Year Ended June 30, 2025



TOWN OF STALLINGS

North Carolina

Audited Financial Statements

June 30, 2025

Town Council Members

David Scholl, Mayor
Brad Richardson, Mayor Pro Tempore
Graham Hall
Mike Couzens
Jon Van de Riet
Steven Ayers
Laurie Wojtowicz

Administrative and Financial Staff

Alex Sewell, Town Manager
Jessica Williams, Finance Officer
Karen Reid, HR Director

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For the Year Ended June 30, 2025
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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, 2025, 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, 2025, 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 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 raise 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 maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town 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 11 through 23, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 64 through 65, 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 66 through 67, 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 February 6, 2026, 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.

DMJPS PLLC

Certified Public Accountants
Monroe, North Carolina
February 6, 2026

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, 2025. 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 \$33,398,664 (*net position*).
- At the end of the current fiscal year, the Town of Stallings' governmental funds reported combined ending fund balance of \$17,177,941 resulting in a net increase of \$497,423 in fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,166,690 or 104.7% of total General Fund expenditures for the fiscal year.
- The sixth principal payment of \$291,800 was paid during fiscal year 2025 for the installment purchase agreement for the New Town Hall and Public Works Buildings bringing the principal balance down to \$1,167,200.

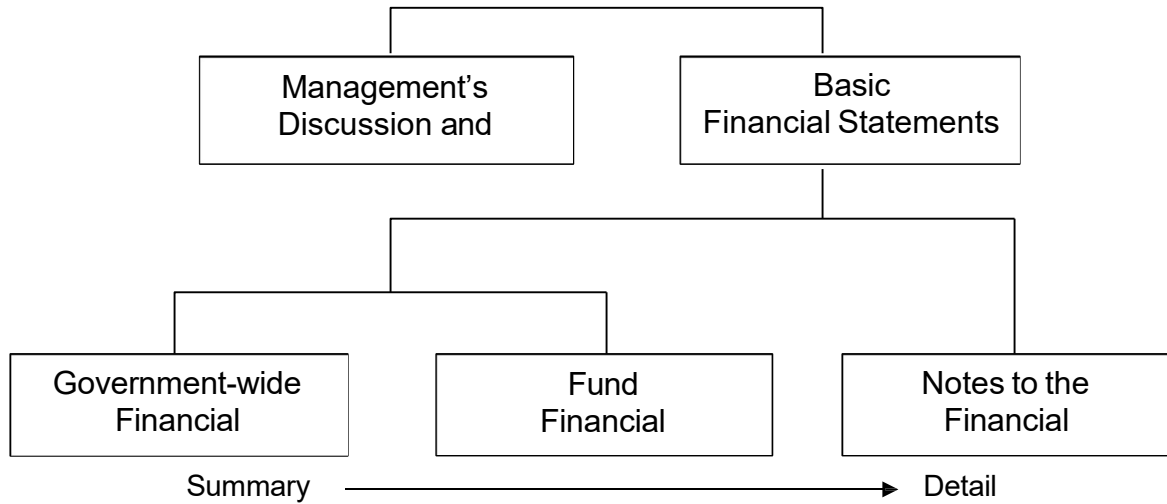
Overview of the Financial Statements

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 37 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 63 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	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 17,656,876	17,473,404	\$ 2,096,278	1,510,243	\$ 19,753,154	18,983,647
Capital assets	15,997,233	15,575,353	1,606,066	1,206,994	17,603,299	16,782,347
Total assets	33,654,109	33,048,757	3,702,344	2,717,237	37,356,453	35,765,994
Deferred outflows of resources	1,595,749	1,699,440	57,958	61,326	1,653,707	1,760,766
	1,595,749	1,699,440	57,958	61,326	1,653,707	1,760,766
Long-term liabilities outstanding	4,257,369	4,282,758	109,972	99,944	4,367,341	4,382,702
Other liabilities	1,071,555	1,339,050	29,865	41,669	1,101,420	1,380,719
	5,328,924	5,621,808	139,837	141,613	5,468,761	5,763,421
Deferred inflows of resources	141,525	158,844	1,210	1,070	142,735	159,914
	141,525	158,844	1,210	1,070	142,735	159,914
Net position:						
Net investment in capital assets	14,784,711	14,052,671	1,606,066	1,206,994	16,390,777	15,259,665
Restricted	1,398,001	2,708,551	-	-	1,398,001	2,708,551
Unrestricted	13,596,697	12,206,323	2,013,189	1,428,886	15,609,886	13,635,209
Total net position	29,779,409	28,967,545	3,619,255	2,635,880	33,398,664	31,603,425

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 \$33,398,664 as of June 30, 2025. The Town's net position increased 5.68% or \$1,795,239 for the fiscal year ended June 30, 2025. The Town's current and other assets increased \$769,507. Capital assets increased \$820,952 due to the Town's resurfacing program, acceptance of new streets and corresponding stormwater infrastructure 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 decreased \$107,059 and deferred inflows decreased \$17,179 both related to pension deferrals. An additional portion of the Town of Stallings' net position, \$1,398,001 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$15,609,886 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 99.80% through the town, which continues to exceed the statewide average.
- Increased sales tax revenue of \$149,764 due to continued economic growth in the Town and state.
- Ad valorem tax revenues increased by \$1,130,555 over last fiscal year. This increase is due to a \$0.03 tax rate increase and continued development in the Town and increase in property values. Assessed values for property increased from \$2,781,129,192 for fiscal year 2024 to \$2,902,361,339 for fiscal year 2025 representing a 4.36% increase over the prior year.
- Investment earnings decreased by \$97,310 over last fiscal year due to decreased investment rates. During fiscal year 2025, the average return rate on the government portfolio was 4.66% compared to an average of 5.37% for the prior fiscal year.
- General fund expenditures are \$1,779,978 less than final budgeted expenditures for fiscal year 2025. This difference was achieved through staff's diligence in completing work, closely monitoring actual versus 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	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 224,096	\$ 360,649	\$ 1,008,413	\$ 882,994	\$ 1,232,509	\$ 1,243,643
Operating grants and contributions	723,297	527,938	-	-	723,297	527,938
Capital grants and contributions	687,683	712,000	457,647	390,000	1,145,330	1,102,000
General revenues:						
Property taxes	6,204,778	5,074,223	-	-	6,204,778	5,074,223
Other taxes	3,311,521	3,131,586	-	-	3,311,521	3,131,586
General and contributions not restricted to specific programs	-	-	-	-	-	-
Other	789,062	1,066,622	-	-	789,062	1,066,622
Total Revenues not including transfers	11,940,437	10,873,018	1,466,060	1,272,994	13,406,497	12,146,012
Transfers	(78,183)	-	78,183	-	-	-
Total Revenues and Transfers	11,862,254	10,873,018	1,544,243	1,272,994	13,406,497	12,146,012
Expenses:						
General government	1,523,663	1,506,819	-	-	1,523,663	1,506,819
Public safety	4,037,666	3,845,986	-	-	4,037,666	3,845,986
Transportation	1,855,237	2,589,892	-	-	1,855,237	2,589,892
Environmental protection	1,391,083	1,320,979	-	-	1,391,083	1,320,979
Cultural and recreation	1,257,310	1,190,155	-	-	1,257,310	1,190,155
Economic and physical development	493,684	654,992	-	-	493,684	654,992
Public works	442,665	496,444	-	-	442,665	496,444
Interest on long-term debt	49,082	58,956	-	-	49,082	58,956
Storm water	-	-	560,868	600,104	560,868	600,104
Total Expenses	11,050,390	11,664,223	560,868	600,104	11,611,258	12,264,327
Increase (decrease) in net position	811,864	(791,205)	983,375	672,890	1,795,239	(118,315)
Net Position, beginning	28,967,545	29,758,750	2,635,880	1,962,990	31,603,425	31,721,740
Net Position, June 30	\$ 29,779,409	\$ 28,967,545	\$ 3,619,255	\$ 2,635,880	\$ 33,398,664	\$ 31,603,425

The Town of Stallings overall net position increased \$1,795,239 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 increased the Town's net position by \$811,864 or 2.80%. The most significant factor contributing to this increase was an increase in total revenues of \$989,236 over prior fiscal year, as well as a decrease in total expenses of \$613,833 which is further discussed below.

Further key elements impacting net position are as follows:

- The Town's total governmental activities' revenues increased in total by \$989,236. Property taxes and other taxes increased \$1,310,490. Total grants and contributions increased \$171,042, largely related to Transportation revenues. The annual Powell Bill allocation exceeded the year prior by \$55,386, while a \$20,000 contribution was received from a developer for a median removal.

Management Discussion and Analysis Town of Stallings

- Total governmental activities expenses decreased \$613,833 or 5.26% from the prior fiscal year. This increase is in the Transportation Department. During the prior year, the Town paid the NC Department of Transportation towards the Potter Road/Pleasant Plains intersection project.

Business-type Activities. Business-type activities increased the Town of Stallings' net position by \$983,375 representing an increase of 46.15%.

Key elements of this increase are as follows:

- Revenues for business-type activities increased \$271,249 which includes a transfer from General Fund totaling \$78,183 for funds that were received specifically for a Twin Pines erosion project, as well an increase in stormwater infrastructure totaling \$67,647. The remaining increase is attributed to fees.
- Total expenses decreased \$39,236 from prior year related to repair projects.

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 2024-25, the Town of Stallings' fund balance available in the General Fund was \$11,166,690, while total fund balance reached \$17,177,941. The Town Council has determined that the Town should maintain an available fund balance of 34% 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 92.42% of General Fund expenditures, while total fund balance represents 142.17% 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. All remaining funds were used during FY 2024-25, with the ending fund balance being 0.

Management Discussion and Analysis Town of Stallings

As of June 30, 2025, the governmental funds of the Town of Stallings reported a combined fund balance of \$17,177,941 with a net increase in fund balance of \$497,423 or 2.99% from the prior fiscal year. Included in this change in fund balance is \$690,908 from unrestricted investment earnings, but also the depletion of ARPA funds. Overall, the unassigned fund balance decreased \$45,777, while the minimum fund balance requirement increased \$1,844,904 due to a fund balance policy adopted in December 2024.

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. A few notable changes include \$64,000 for Parks & Recreation projects approved, but not completed during the prior year, appropriating \$85,150 from federal drug forfeiture funds for security cameras, recognizing \$30,584 in Transportation revenues, appropriating remaining Powell Bill funds totaling \$204,296, and reallocating \$26,000 from contingency to implement the salary study completed during this fiscal year.

At year-end, revenues were 8.68% greater than the budget due to increases in ad valorem tax, unrestricted intergovernmental revenue and investment earnings. Expenditures were 14.30% below budget with savings compared to budget across all departments. The most significant savings, \$624,833, was in Transportation where there the budget amount was underspent by \$579,314 for paving/resurfacing. The Police department had the next highest savings of \$325,414, with \$113,094 related to payroll costs and \$49,420 specifically related to capital purchases.

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 \$2,013,189. The change in unrestricted net position was an increase of \$584,303. The net investment in capital assets also increased \$399,072 due to a capital contribution for accepting the stormwater infrastructure in the Courtyards at Chestnut and Old Blairs Mill, making the total change in net position from prior year an increase of \$983,375.

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, 2025 total \$17,603,299 (net of accumulated depreciation). These assets include buildings, streets, land, machinery and equipment, park facilities, and vehicles, and IT subscriptions.

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 \$710,984 to the Town's infrastructure, while the acceptance of streets and corresponding stormwater infrastructure from developments added \$1,145,328.
- Town Hall HVAC and roof replacement projects added \$210,089 to the Town's building and land improvements.

**Management Discussion and Analysis
Town of Stallings**

- A playground replacement added \$140,495 to the Town’s equipment assets.

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

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Infrastructure	\$ 5,504,748	\$ 5,070,298	\$ 1,549,651	\$ 1,135,579	\$ 7,054,399	\$ 6,205,877
Land Improvements	1,112,612	1,279,856	-	-	1,112,612	1,279,856
Buildings and improvements	5,550,477	5,554,719	-	-	5,550,477	5,554,719
Land	2,905,384	2,905,384	-	-	2,905,384	2,905,384
Vehicles	313,367	300,252	-	-	313,367	300,252
Equipment	565,212	396,285	56,415	71,415	621,627	467,700
Computers and Software	-	4,178	-	-	-	4,178
Right to use: Leased Equipment	44,883	57,124	-	-	44,883	57,124
Right to use: Subscriptions	550	7,257	-	-	550	7,257
	\$ 15,997,233	\$ 15,575,353	\$ 1,606,066	\$ 1,206,994	\$ 17,603,299	\$ 16,782,347

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, 2025, the Town of Stallings’ total debt and outstanding liabilities of \$4,978,348. Of this, installment debt of \$1,167,200 is backed by the full faith and credit of the Town. Other debt of the Town is related to compensated absences and pension-related liabilities.

**Outstanding Liabilities
Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Installment debt	\$ 1,167,200	\$ 1,459,000	\$ -	\$ -	\$ 1,167,200	\$ 1,459,000
Pension related debt (LGERS)	2,554,326	2,366,296	109,972	99,944	2,664,298	2,466,240
Pension related debt (LEO)	794,336	703,939	-	-	794,336	703,939
Compensated absences	309,362	245,093	8,649	7,857	318,011	252,950
SBITA liability	-	6,805	-	-	-	6,805
Lease liability	45,323	56,877	-	-	45,323	56,877
	<u>\$ 4,870,547</u>	<u>\$ 4,838,010</u>	<u>\$ 118,621</u>	<u>\$ 107,801</u>	<u>\$ 4,989,168</u>	<u>\$ 4,945,811</u>

Town of Stallings’ Outstanding Debt

The Town of Stallings’ total debt increased by \$43,357 or 0.88% from the past fiscal year. The increase in compensated absences accounts for this increase. While pension related debt (LGERS and LEO) increased a total of \$288,455, this 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 fifth installment this fiscal year.

The Town’s lease liabilities for governmental activities decreased \$11,554 due to a copier lease that was entered into during fiscal year 2024.

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 \$230,969,579.

Additional information regarding the Town of Stallings’ long-term debt can be found in Note III.9 of this report.

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 4.36% as well as economic growth with sales tax increasing 6.91%.

Management Discussion and Analysis Town of Stallings

- 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 looking to lease the building to a brewery/restaurant to open a location there.
- 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.

Governmental Activities: Impacting the FY 2025-26 budget is the Union County revaluation. The County saw residential property values increase 63.45%, while commercial/industrial property values increased 45.59%. The Town, which is predominantly residential, saw an average increase of 57.42% in those properties and 46.30% in commercial/industrial properties. Such a significant increase in assessed property values enabled the Town to decrease the tax rate \$0.03.

However, there was still a budget deficit, requiring an appropriation of fund balance in the amount of \$438,000 to be used towards one-time projects. Such a large deficit with such a significant revaluation increase is due to the American Rescue Plan Act (ARPA) funds having been depleted in the prior year. During the COVID-19 pandemic, the Town was allocated \$5,145,370. These funds were used as revenue replacement and covered salaries and benefits for the Police Department over the last two and a half years. The depletion of these funds had a significant impact with tax dollars now being required again to fund these expenses with a total budget of \$3,371,500.

Business-type Activities: The Town has chosen to keep the stormwater 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.

Also, Council approved the addition of a Stormwater Compliance Manager, a position fully funded by Stormwater fees. This position enables the Town to bring many inspections in-house, saving on the contract services costs of having to outsource so many inspections required to ensure compliance with the US Environmental Protection Agency's Clean Water Act.

**Management Discussion and Analysis
Town of Stallings**

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, or send an email to finance.officer@stallingsnc.org for more information.



Basic Financial Statements

**Town of Stallings
Statement of Net Position
June 30, 2025**

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 16,697,359	\$ 2,095,579	\$ 18,792,938
Taxes receivable (net)	18,466	-	18,466
Accrued interest receivable on taxes	2,012	-	2,012
Accounts receivable (net)	44,399	699	45,098
Due from other governments	530,798	-	530,798
Deposits	3,515	-	3,515
Prepaid items	17,246	-	17,246
Restricted cash and cash equivalents	343,081	-	343,081
Total current assets	17,656,876	2,096,278	19,753,154
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	13,046,416	1,606,066	14,652,482
Right to use assets, net of amortization	45,433	-	45,433
Total capital assets	15,997,233	1,606,066	17,603,299
Total non-current assets	15,997,233	1,606,066	17,603,299
Total assets	33,654,109	3,702,344	37,356,453
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	1,595,749	57,958	1,653,707
Total deferred outflows of resources	1,595,749	57,958	1,653,707
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	450,420	20,249	470,669
Deposits in escrow	7,959	-	7,959
Unearned revenue	-	967	967
Current portion long-term liabilities	613,176	8,649	621,825
Total current liabilities	1,071,555	29,865	1,101,420
Long-term liabilities:			
Net pension liability-LGERS	2,554,326	109,972	2,664,298
Total pension liability-LEO	794,336	-	794,336
Due in more than one year	908,707	-	908,707
Total long-term liabilities	4,257,369	109,972	4,367,341
Total liabilities	5,328,924	139,837	5,468,761
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	78	-	78
Pension deferrals	141,447	1,210	142,657
Total deferred inflows of resources	141,525	1,210	142,735
NET POSITION			
Net investment in capital assets	14,784,711	1,606,066	16,390,777
Restricted for:			
Stabilization by State Statute	1,063,949	-	1,063,949
Streets	281,934	-	281,934
Drug Forfeiture	52,118	-	52,118
Unrestricted	13,596,697	2,013,189	15,609,886
Total net position	\$ 29,779,409	\$ 3,619,255	\$ 33,398,664

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, 2025**

Exhibit 2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		<u>Total</u>
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Primary government:							
Governmental Activities:							
General government	\$ 1,523,663	\$ 39,146	\$ -	\$ -	\$ (1,484,517)	\$ -	\$ (1,484,517)
Public safety	4,037,666	4,533	64,420	-	(3,968,713)	-	(3,968,713)
Transportation	1,855,237	7,600	591,324	687,683	(568,630)	-	(568,630)
Environmental protection	1,391,083	-	13,424	-	(1,377,659)	-	(1,377,659)
Economic and physical development	493,684	113,013	35,979	-	(344,692)	-	(344,692)
Public works	442,665	-	-	-	(442,665)	-	(442,665)
Cultural and recreational	1,257,310	59,804	18,150	-	(1,179,356)	-	(1,179,356)
Interest on long-term debt	49,082	-	-	-	(49,082)	-	(49,082)
Total governmental activities	<u>11,050,390</u>	<u>224,096</u>	<u>723,297</u>	<u>687,683</u>	<u>(9,415,314)</u>	<u>-</u>	<u>(9,415,314)</u>
Business-type activities:							
Storm Water	<u>560,868</u>	<u>1,008,413</u>	<u>-</u>	<u>457,647</u>	<u>-</u>	<u>905,192</u>	<u>905,192</u>
Total business-type activities	<u>560,868</u>	<u>1,008,413</u>	<u>-</u>	<u>457,647</u>	<u>-</u>	<u>905,192</u>	<u>905,192</u>
Total primary government	<u>\$ 11,611,258</u>	<u>\$ 1,232,509</u>	<u>\$ 723,297</u>	<u>\$ 1,145,330</u>	<u>\$ (9,415,314)</u>	<u>\$ 905,192</u>	<u>\$ (8,510,122)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					\$ 6,204,778	\$ -	\$ 6,204,778
Sales taxes					2,319,131	-	2,319,131
Utilities taxes					913,615	-	913,615
Beer and wine taxes					69,549	-	69,549
Other taxes and licenses					9,226	-	9,226
Unrestricted investment earnings					690,908	-	690,908
Restricted investment earnings					16,437	-	16,437
Gain on disposal of assets					6,947	-	6,947
Miscellaneous					74,770	-	74,770
Total general revenues not including transfers					<u>10,305,361</u>	<u>-</u>	<u>10,305,361</u>
Transfers					<u>(78,183)</u>	<u>78,183</u>	<u>-</u>
Total general revenues and transfers					<u>10,227,178</u>	<u>78,183</u>	<u>10,305,361</u>
Change in net position					811,864	983,375	1,795,239
Net position, beginning					28,967,545	2,635,880	31,603,425
Net position, ending					<u>\$ 29,779,409</u>	<u>\$ 3,619,255</u>	<u>\$ 33,398,664</u>

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

**Town of Stallings
Balance Sheet
Governmental Funds
June 30, 2025**

Exhibit 3

	Major Funds		
	General Fund	ARPA	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 16,697,359	\$ -	\$ 16,697,359
Restricted cash	343,081	-	343,081
Receivables, net:			
Taxes	18,466	-	18,466
Due from other governments	530,798	-	530,798
Other	44,399	-	44,399
Deposits	3,515	-	3,515
Prepaid items	17,246	-	17,246
Total assets	\$ 17,654,864	\$ -	\$ 17,654,864
LIABILITIES			
Accounts payable and accrued liabilities	\$ 450,420	\$ -	\$ 450,420
Deposits in escrow	7,959	-	7,959
Total liabilities	458,379	-	458,379
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	18,466	-	18,466
Prepaid taxes	78	-	78
Total deferred inflows of resources	18,544	-	18,544
FUND BALANCES			
Nonspendable			
Prepays	17,246	-	17,246
Restricted			
Stabilization by State Statute	1,063,949	-	1,063,949
Streets - Powell Bill	281,934	-	281,934
Drug Forfeiture	52,118	-	52,118
Committed			
Parks and Recreation	50,000	-	50,000
Assigned			
Subsequent year expenditures	438,000	-	438,000
Minimum fund balance requirement	4,108,004	-	4,108,004
Unassigned	11,166,690	-	11,166,690
Total fund balances	17,177,941	-	17,177,941
Total liabilities, deferred inflows of resources and fund balances	\$ 17,654,864	\$ -	\$ 17,654,864

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 because:

Total fund balance - Governmental Funds		\$ 17,177,941
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 53,449,384	
Accumulated depreciation	<u>(37,497,584)</u>	15,951,800
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	85,074	
Accumulated amortization	<u>(39,641)</u>	45,433
Deferred outflows of resources related to pensions are not reported in the funds		1,595,749
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		2,012
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Compensated absences	(309,361)	
Direct placement installment purchase	(1,167,200)	
Lease payable	(45,322)	
Net pension liability (LGERS)	(2,554,326)	
Total pension liability (LEOSSA)	<u>(794,336)</u>	(4,870,545)
Deferred inflows of resources related to pensions are not reported in the funds		(141,447)
Earned revenues considered deferred inflows of resources in fund statements		<u>18,466</u>
Net position of governmental activities		<u><u>\$ 29,779,409</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, 2025

Exhibit 5

	Major Funds		Total Governmental Funds
	General	ARPA	
REVENUES			
Ad valorem taxes	\$ 6,192,457	\$ -	\$ 6,192,457
Other taxes and licenses	9,226	-	9,226
Unrestricted intergovernmental	3,302,295	-	3,302,295
Restricted intergovernmental	679,163	-	679,163
Permits and fees	214,292	-	214,292
Investment earnings	690,442	16,903	707,345
Sales and services	9,804	-	9,804
Miscellaneous	125,893	-	125,893
Total revenues	11,223,572	16,903	11,240,475
EXPENDITURES			
Current:			
General government	1,379,575	-	1,379,575
Public safety	3,474,052	-	3,474,052
Transportation	875,756	-	875,756
Environmental protection	1,391,083	-	1,391,083
Economic and physical development	465,443	-	465,443
Public works	414,028	-	414,028
Cultural and recreational	915,314	-	915,314
Debt service:			
Principal	297,925	-	297,925
Interest	47,059	-	47,059
Capital Outlay			
Public safety	212,661	-	212,661
Transportation	710,984	-	710,984
Public works	222,681	-	222,681
Cultural and recreational	258,308	-	258,308
Total expenditures	10,664,869	-	10,664,869
Excess (deficiency) of revenues over expenditures	558,703	16,903	575,606
OTHER FINANCING SOURCES (USES)			
Transfer to/from ARPA fund	728,211	(728,211)	-
Transfer to/from stormwater fund	(78,183)	-	(78,183)
Total other financing sources (uses)	650,028	(728,211)	(78,183)
Net change in fund balance	1,208,731	(711,308)	497,423
Fund balances, beginning	15,969,210	711,308	16,680,518
Fund balances, ending	\$ 17,177,941	\$ -	\$ 17,177,941

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		\$ 497,423
<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	\$ 1,404,634	
Disposals, net book value	(29,375)	
Depreciation and amortization expense for governmental assets	<u>(1,641,061)</u>	(265,802)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		505,861
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		59,376
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	(1,284)	
Change in unavailable revenue for tax revenues	13,607	
Amount of donated assets	<u>687,683</u>	700,006
<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>		
Principal payments on lease	11,554	
Principal payments on SBITA	6,805	
Principal payments on long-term debt	<u>291,800</u>	310,159
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		(64,269)
Pension expense		<u>(930,890)</u>
Total changes in net position of governmental activities		<u>\$ 811,864</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 - Budget and Actual
General Fund
For the Year Ended June 30, 2025

Exhibit 7

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 5,953,200	\$ 5,953,200	\$ 6,192,457	\$ 239,257
Unrestricted intergovernmental	2,995,000	2,995,000	3,302,295	307,295
Restricted intergovernmental	634,800	708,177	679,163	(29,014)
Other taxes and licenses	12,500	12,500	9,226	(3,274)
Permits and fees	76,000	95,120	214,292	119,172
Investment earnings	390,000	390,000	690,442	300,442
Sales and services	9,900	9,900	9,804	(96)
Miscellaneous	93,700	163,534	125,893	(37,641)
Total revenues	10,165,100	10,327,431	11,223,572	896,141
Expenditures:				
Current:				
General government	1,451,100	1,497,638	1,379,575	118,063
Public safety	3,868,500	4,012,127	3,686,713	325,414
Transportation	1,511,125	2,211,573	1,586,740	624,833
Economic and physical development	619,800	642,756	465,443	177,313
Environmental protection	1,450,000	1,450,000	1,391,083	58,917
Public works	814,200	906,902	636,709	270,193
Cultural and recreational	1,210,550	1,329,626	1,173,622	156,004
Debt service:				
Principal	291,800	311,800	297,925	13,875
Interest	48,425	58,425	47,059	11,366
Contingency	50,000	24,000	-	24,000
Total expenditures	11,315,500	12,444,847	10,664,869	1,779,978
Revenues over (under) expenditures	(1,150,400)	(2,117,416)	558,703	2,676,119
Other financing sources (uses):				
Lease liabilities issued	25,000	55,000	-	(55,000)
Transfer from ARPA fund	665,000	665,000	728,211	63,211
Transfer to stormwater fund	-	(78,183)	(78,183)	-
Total other financing sources (uses)	690,000	641,817	650,028	8,211
Fund balance appropriated	460,400	1,475,599	-	(1,475,599)
Net change in fund balance	\$ -	\$ -	1,208,731	\$ 1,208,731
Fund balances, beginning			15,969,210	
Fund balances, ending			\$ 17,177,941	

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, 2025**

Exhibit 8

	Major Enterprise Fund	
	Storm Water Fund	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,095,579	\$ 2,095,579
Fees receivable	81	81
Accounts receivable	618	618
Total current assets	2,096,278	2,096,278
Noncurrent assets:		
Capital assets:		
Capital assets, net of depreciation	1,606,066	1,606,066
Capital assets	1,606,066	1,606,066
Total noncurrent assets	1,606,066	1,606,066
Total assets	\$ 3,702,344	\$ 3,702,344
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	\$ 57,958	\$ 57,958
Total deferred outflows of resources	57,958	57,958
LIABILITIES		
Current liabilities:		
Accounts payable	20,249	20,249
Compensated absences	8,649	8,649
Unearned revenue	967	967
Total current liabilities	29,865	29,865
Noncurrent liabilities:		
Net pension liability	109,972	109,972
Total noncurrent liabilities	109,972	109,972
Total liabilities	139,837	139,837
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	1,210	1,210
Total deferred inflows of resources	1,210	1,210
NET POSITION		
Net investment in capital assets	1,606,066	1,606,066
Unrestricted	2,013,189	2,013,189
Total net position	\$ 3,619,255	\$ 3,619,255

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, 2025

Exhibit 9

	Major Enterprise Fund	
	Storm Water Fund	Total
OPERATING REVENUES		
Storm water fees and interest	\$ 1,008,413	\$ 1,008,413
Total operating revenues	1,008,413	1,008,413
OPERATING EXPENSES		
Salaries and employee benefits	213,800	213,800
Repairs and maintenance	99,410	99,410
Professional fees	169,893	169,893
Miscellaneous expenses	19,190	19,190
Depreciation	58,575	58,575
Total operating expenses	560,868	560,868
Income before contributions and transfers	447,545	447,545
Capital contributions	457,647	457,647
Transfers from other funds	78,183	78,183
Change in net position	983,375	983,375
Total net position, beginning	2,635,880	2,635,880
Total net position, ending	\$ 3,619,255	\$ 3,619,255

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, 2025**

Exhibit 10

	Major Enterprise Fund	
	Storm Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,015,919	\$ 1,015,919
Cash paid for goods and services	(301,374)	(301,374)
Cash paid to or on behalf of employees for services	(199,473)	(199,473)
Net cash provided by operating activities	515,072	515,072
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Increase in due to General Fund	(55,346)	(55,346)
Transfers from other funds	78,183	78,183
Net cash used by non-capital financing activities	22,837	22,837
Net increase (decrease) in cash and cash equivalents	537,909	537,909
Balances, beginning	1,557,670	1,557,670
Balances, ending	\$ 2,095,579	\$ 2,095,579
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 447,545	\$ 447,545
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	58,575	58,575
Changes in assets and liabilities:		
(Increase) decrease in fees receivable	1,076	1,076
(Increase) decrease in accounts receivable	6,144	6,144
(Increase) decrease in deferred outflows of resources - pensions	3,368	3,368
Increase (decrease) in accounts payable	(12,882)	(12,882)
Increase (decrease) in compensated absences	792	792
Increase (decrease) in unearned revenue	286	286
Increase (decrease) in net pension liability	10,028	10,028
Increase (decrease) in deferred inflows of resources - pensions	140	140
Total adjustments	67,527	67,527
Net cash provided by operating activities	\$ 515,072	\$ 515,072

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



Notes to Financial Statements

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

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 (GAAP), 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 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 part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. 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, 2025

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.

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.

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. Activity occurs during the year involving transfers in/out. While these balances are reported in the fund financial statements, certain eliminations are made for the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only net amounts are included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only net amounts are included as transfers in the business-type activities column.

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.

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

I. Summary of Significant Accounting Policies (continued)

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, including lease and information technology subscription (SBITA) liabilities, 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 leases and subscription-based information technology arrangements (SBITAs) are reported as other financing sources.

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.

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 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.

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

I. Summary of Significant Accounting Policies (continued)

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 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.

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	\$ 281,935
Drug forfeiture	52,118
Escrow deposits	<u>9,028</u>
Total General Fund	343,081

Total Restricted Cash \$ 343,081

4. Ad Valorem Taxes Receivable

By 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, 2024.

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

I. Summary of Significant Accounting Policies (continued)

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.

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.

The Town's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the Town reports a lease (only applies when the Town is the lessee) or agreements where the Town reports a SBITA in accordance with the requirements of GASB Statement No. 87 and GASB Statement No. 96, respectively.

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 SBITA 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 SBITA 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 are amortized on a straight-line basis over the subscription term.

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

I. Summary of Significant Accounting Policies (continued)

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

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 2025 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 Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee or paid to an employee flex spending account) during or upon separation from employment. Based on the criteria above, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is recorded as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits where applicable.

The vacation policies of the Town provide for the accumulation of up to thirty days earned vacation leave, with such leave being fully vested when earned. Vacation leave over thirty days is transferred to an employee’s sick leave balance at the end of each calendar year. The town has assumed a last-in, first-out method of using accumulated compensation 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.

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

I. Summary of Significant Accounting Policies (continued)

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Any unused sick leave accumulated at the time of retirement may be used in the determination of the length of service for retirement benefit purposes. Any unused sick leave accumulated for employees that leave the town before retirement is forfeited. The Town used a three-year lookback period to estimate the amount of sick leave that has been earned and will be used as sick leave over the employees' service period. The liability for sick leave is based on this estimate and will be accrued along with vacation leave.

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.

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 by State statute" defined as follows: 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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

I. Summary of Significant Accounting Policies (continued)

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.

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.

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 34% of budgeted expenditures. Any portion of the general fund balance in excess of 34% 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.

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

I. Summary of Significant Accounting Policies (continued)

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.

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

None

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, 2025

III. Detail Notes on All Funds (continued)

At June 30, 2025, the Town's deposits had a carrying amount of \$1,694,656 and a bank balance of \$1,738,266. 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, 2025, the Town had \$17,441,363 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 Government for the year ended June 30, 2025 was as follows:

	July 1, 2024	Additions	Retirements	Adjustments/ Transfers	June 30, 2025
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 2,905,384	\$ -	\$ -	\$ -	\$ 2,905,384
Construction in Progress	-	-	-	-	-
Total capital assets not being depreciated	2,905,384	-	-	-	2,905,384
Capital assets being depreciated:					
Buildings and improvements	7,019,537	210,089	66,347	-	7,163,279
Land improvements	3,681,168	64,122	78,504	-	3,666,786
Equipment	1,042,161	278,702	310,841	-	1,010,022
Computers and software	121,323	-	71,323	-	50,000
Vehicles	1,119,787	130,416	32,996	-	1,217,207
Infrastructure	36,027,717	1,408,989	-	-	37,436,706
Total capital assets being depreciated	49,011,693	2,092,318	560,011	-	50,544,000
Less accumulated depreciation:					
Buildings and improvements	1,464,818	193,719	45,735	-	1,612,802
Land improvements	2,401,312	230,115	77,253	-	2,554,174
Equipment	645,876	102,263	303,329	-	444,810
Computers and software	117,145	4,178	71,323	-	50,000
Vehicles	819,535	117,301	32,996	-	903,840
Infrastructure	30,957,419	974,539	-	-	31,931,958
Total accumulated depreciation	36,406,105	\$ 1,622,115	\$ 530,636	\$ -	37,497,584
Total capital assets being depreciated, net	12,605,588				13,046,416
Capital assets being amortized:					
Right to use asset:					
Leased equipment	65,284	-	-	-	65,284
IT subscriptions	20,458	-	668	-	19,790
Total capital assets being amortized	85,742	-	668	-	85,074
Less accumulated amortization:					
Right to use asset:					
Leased equipment	8,160	12,241	-	-	20,401
IT subscriptions	13,201	6,707	668	-	19,240
Total accumulated amortization	21,361	18,948	668	-	39,641

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

III. Detail Notes on All Funds (continued)

	July 1, 2024	Additions	Retirements	Adjustments/ Transfers	June 30, 2025
Total capital assets being amortized, net	64,381				45,433
Governmental activities capital assets, net	\$ 15,575,353				\$ 15,997,233

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

General government	\$ 181,586
Public safety	151,728
Transportation	969,606
Public works	20,651
Cultural and recreational	298,544
Total depreciation expense	\$ 1,622,115

	July 1, 2024	Additions	Retirements	June 30, 2025
Business-type activities:				
Storm Water Fund				
Capital assets being depreciated:				
Equipment	\$ 75,000	\$ -	\$ -	75,000
Infrastructure	1,265,316	457,647	-	1,722,963
Total capital assets being depreciated	1,340,316	457,647	-	1,797,963
Less accumulated depreciation:				
Equipment	3,585	15,000	-	18,585
Infrastructure	129,737	43,575	-	173,312
Total accumulated depreciation	133,322	\$ 58,575	\$ -	191,897
Total capital assets being depreciated, net	1,206,994			1,606,066
Business-type capital assets, net	\$ 1,206,994			\$ 1,606,066

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2025, were as follows:

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General	\$ 242,628	\$ 207,792	\$ 450,420
Total governmental activities	\$ 242,628	\$ 207,792	\$ 450,420
Business-type Activities:			
Storm Water	\$ 15,865	\$ 4,384	\$ 20,249
Total business-type activities	\$ 15,865	\$ 4,384	\$ 20,249

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

III. Detail Notes on All Funds (continued)

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.

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.

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.

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

III. Detail Notes on All Funds (continued)

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, 2025 was 15.04% of compensation for law enforcement officers and 13.60% 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 \$505,861 for the year ended June 30, 2025.

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

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

At June 30, 2025, the Town reported a liability of \$2,664,298 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2024 (measurement date), the Town’s proportion was 0.03952%, which was an increase of 0.00228% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of \$815,986. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 466,886	\$ 3,139
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	362,211	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	69,182	26,181
Town contributions subsequent to the measurement date	505,861	-
Total	\$ 1,404,140	\$ 29,320

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

III. Detail Notes on All Funds (continued)

\$505,861 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an decrease of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	\$ 269,913
2027	544,521
2028	95,479
2029	(40,956)
2030	-
Thereafter	-
Total	<u>\$ 868,958</u>

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

Inflation	2.5 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, 2023 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.

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, 2024 are summarized in the following table:

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

III. Detail Notes on All Funds (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Credit	7.0%	5.3%
Inflation Protection	6.0%	4.3%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with an investment consulting firm's 2025 long-term capital market assumptions. 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 2.38%. All rates of return and inflation are annualized. Source data is provided in the 2024 Annual Comprehensive Financial Report (ACFR) published on the website of the Office of the State Controller.

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.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.50 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:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 4,721,212	\$ 2,664,298	\$ 972,201

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.

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

III. Detail Notes on All Funds (continued)

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.

At December 31, 2023, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to but not receiving benefits	-
Active plan members	<u>28</u>
Total	<u>32</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.

3. *Actuarial Assumptions*

The entry age actuarial cost method was used in the December 31, 2023 valuation. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.28 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, 2023.

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

III. Detail Notes on All Funds (continued)

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations 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 \$59,376 as benefits came due for the reporting period.

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

At June 30, 2025, the Town reported a total pension liability of \$794,336. The total pension liability was measured as of December 31, 2024 based on a December 31, 2023 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of \$128,996.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 168,397	\$ 34,016
Changes of assumptions	51,482	79,321
Town benefit payments and plan administrative expense made subsequent to the measurement date	29,688	-
Total	<u>\$ 249,567</u>	<u>\$ 113,337</u>

\$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:	
2026	\$ 40,835
2027	14,155
2028	16,931
2029	19,925
2030	10,728
Thereafter	3,968
Total	<u>\$ 106,542</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 4.28 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 (3.28 percent) or 1-percentage-point higher (5.28 percent) than the current rate:

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

III. Detail Notes on All Funds (continued)

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Total pension liability	\$ 875,710	\$ 794,336	\$ 721,926

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

	<u>2025</u>
Beginning balance	\$ 703,939
Service cost	54,467
Interest on the total pension liability	26,970
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	90,179
Changes of assumptions or other inputs	(21,843)
Benefit payments	(59,376)
Other changes	-
Ending balance of the total pension liability	<u>\$ 794,336</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, 2023 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, 2025

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		\$	
	\$ 815,986	128,996	\$ 944,982
Pension Liability	\$ 2,664,298	\$ 794,336	\$ 3,458,634
Proportionate share of the net pension liability	0.03952%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 466,886	\$ 168,397	\$ 635,283
Changes of assumptions	-	51,482	51,482
Net difference between projected and actual earnings on plan investments	362,211	-	362,211
Changes in proportion and differences between contributions and proportionate share of contributions	69,182	-	69,182
Benefit payments and administrative costs paid subsequent to the measurement date	505,861	29,688	535,549
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 3,139	\$ 34,016	\$ 37,155
Changes of assumptions	-	79,321	79,321
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	26,181	-	26,181

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.

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

III. Detail Notes on All Funds (continued)

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, 2025 were \$188,368, which consisted of \$96,359 from the Town and \$92,009 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, 2025 were \$135,047, which consisted of \$69,645 from the Town and \$65,402 from non-law enforcement employees.

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	\$ 505,861
Benefit payments made and administrative expenses for LEOSSA	29,688
Differences between expected and actual experience	635,283
Changes of assumptions	51,482
Net difference between projected and actual	362,211
Changes in proportion and differences between employer contributions and proportionate share of contributions	69,183
Total	<u>\$ 1,653,707</u>

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

III. Detail Notes on All Funds (continued)

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 78	\$ 78
Taxes receivable, less penalties (General Fund)	-	18,466
Changes in assumptions	79,321	-
Differences between expected and actual experience	37,155	-
Net difference between projected and actual earnings on plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	26,181	-
Total	\$ 142,735	\$ 18,544

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 \$10,600,260 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, 2025, 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.

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

III. Detail Notes on All Funds (continued)

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%.

Annual debt service payments of the installment purchase as of June 30, 2025, including \$46,980 of interest, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2026	\$ 291,800	\$ 37,752
2027	291,800	27,685
2028	291,800	17,617
2029	291,800	6,152
	<u>\$ 1,167,200</u>	<u>\$ 89,206</u>

At June 30, 2025, the Town had a legal debt margin of \$230,969,579.

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 \$19,790 and \$19,241, respectively.

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 2025. 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, 2025 is \$45,323.

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

III. Detail Notes on All Funds (continued)

c. Changes in Long-Term Liabilities

	<u>Beginning Balances</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending Balances</u>		<u>Current Portion</u>
Governmental Activities:									
Direct Placement Installment Purchase	\$ 1,459,000	\$	-	\$	291,800	\$	1,167,200	\$	291,800
Compensated absences	245,093		309,362		245,093		309,362		309,362
Net pension liability (LGERS)	2,366,296		188,030		-		2,554,326		-
Total pension liability (LEO)	703,939		90,397		-		794,336		-
Lease liability	56,877		-		11,554		45,323		12,016
SBITA liability	6,805		-		6,805		-		-
Total governmental activities long-term liabilities	<u>\$ 4,838,010</u>	\$	<u>587,789</u>	\$	<u>555,252</u>	\$	<u>4,870,547</u>	\$	<u>613,178</u>
	<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	\$ 7,857	\$	8,649	\$	7,857	\$	8,649	\$	8,649
Net pension liability (LGERS)	99,944		10,028		-		109,972		-
Total business-type activities long-term liabilities	<u>\$ 107,801</u>	\$	<u>18,677</u>	\$	<u>7,857</u>	\$	<u>118,621</u>	\$	<u>8,649</u>

The liability for pension-related debt related to LGERS is primarily liquidated by the general fund with a small portion by the storm water fund. The total pension liability (LEOSSA) is entirely liquidated by the general fund.

D. Interfund Balances and Activity

Transfers to other funds on June 30, 2025, consist of the following:

<u>ARPA Fund:</u>	
To General Fund	\$728,211
<u>General Fund:</u>	
To Stormwater Fund	\$78,183

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds by budgetary authorizations, including amounts provided for matching funds for various grant programs.

During the 2025 fiscal year, the Town made transfers from the ARPA fund to the General fund of \$728,211 for police department salaries. The General fund made a one-time transfer of \$78,183 to the Stormwater fund to reimburse the fund for a check from a developer.

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

III. Detail Notes on All Funds (continued)

E. Fund Balance

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

Total Fund Balance - General Fund	\$ 17,177,941
Less:	
Prepays	17,246
Stabilization by State Statute	1,063,949
Streets - Powell Bill	281,934
Drug Forfeiture Fund	52,118
Parks and Recreation	50,000
Subsequent Year Expenditures	438,000
Minimum Fund Balance Policy	<u>4,108,004</u>
Remaining Fund Balance	<u>\$ 11,166,690</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 34% of budgeted expenditures. Any portion of the General Fund balance in excess of 34% 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.

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, 2025, the Town had the following encumbrances:

Governmental Activities:	
General Fund	\$ 485,237
Stormwater Fund	86,299
Total governmental activities	<u>\$ 571,536</u>

F. 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.

On September 1, 2025, the Town of Stallings entered into a long-term contract with CompuNetWorld, Inc. for the provision of information technology (IT) services and solutions. The Town is obligated to pay a fixed fee of \$5,350 per month. The contract is effective through October 2030, with automatic one-year renewals unless either party provides written notice of non-renewal at least 60 days prior to the end of the current term.

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2025

III. Detail Notes on All Funds (continued)

G. 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.

H. Changes in Accounting Principles

For the year ended June 30, 2025, GASB Statement No. 101, *Compensated Absences*, was implemented. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

For the year ended June 30, 2025, GASB State No. 102, *Certain Risk Disclosures*, was implemented. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to substantial impact.

I. Significant Effects of Subsequent Events

Management has evaluated subsequent events through February 6, 2026, 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.

Required Supplementary Information

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

Local Government Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Stallings' proportion of the net pension liability (asset) (%)	0.03952%	0.03724%	0.03477%	0.03411%	0.03264%	0.03422%	0.03156%	0.03395%	0.0308%	0.0318%
Stallings' proportion of the net pension liability (asset) (\$)	\$ 2,664,298	\$ 2,466,240	\$ 1,961,525	\$ 523,111	\$ 1,166,367	\$ 934,523	\$ 748,712	\$ 518,663	\$ 653,679	\$ 142,761
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
Stallings' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	83.70%	89.12%	86.63%	23.33%	53.83%	42.47%	35.93%	25.23%	36.31%	8.43%
Plan fiduciary net position as a percentage of the total pension liability	83.30%	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%

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

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

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

Local Government Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 505,861	\$ 430,813	\$ 308,104	\$ 266,887	\$ 236,687	\$ 203,373	\$ 180,231	\$ 166,784	\$ 159,297	\$ 126,958
Contributions in relation to the contractually required contribution	505,861	430,813	308,104	266,887	236,687	203,373	180,231	166,784	159,297	126,958
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stallings' covered payroll	\$ 3,516,997	\$ 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
Contributions as a percentage of covered payroll	14.38%	13.53%	11.13%	11.79%	10.56%	9.39%	8.19%	8.00%	7.75%	7.05%

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

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

Town of Stallings
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 703,939	\$ 637,549	\$ 675,992	\$ 796,100	\$ 552,433	\$ 503,015	\$ 524,452	\$ 523,764	\$ 508,487
Service cost	54,467	39,793	50,027	46,594	28,044	29,135	27,408	23,192	27,802
Interest on the total pension liability	26,970	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	90,179	49,619	99,495	(96,436)	54,977	25,345	(28,980)	(48,748)	-
Changes of assumptions or other inputs	(21,843)	17,058	(113,521)	(16,167)	192,981	14,698	(16,258)	26,276	(10,457)
Benefit payments	(59,376)	(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>\$ 794,336</u>	<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.

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

Town of Stallings
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 794,336	\$ 703,939	\$ 637,549	\$ 675,992	\$ 796,100	\$ 552,433	\$ 503,015	\$ 524,452	\$ 523,764
Covered-employee payroll	1,826,335	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	43.49%	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.

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



Individual Fund Statements and Schedules

Town of Stallings
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2025

Schedule 1

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ 5,948,200	\$ 6,180,495	
Penalties and interest	5,000	11,962	
Total	<u>5,953,200</u>	<u>6,192,457</u>	<u>\$ 239,257</u>
Other taxes and licenses:			
Gross receipts tax - vehicle rental	12,500	9,226	
Total	<u>12,500</u>	<u>9,226</u>	<u>(3,274)</u>
Unrestricted intergovernmental:			
Local option sales tax	2,100,000	2,319,131	
Utilities sales tax	825,000	913,615	
Beer and wine tax	70,000	69,549	
Total	<u>2,995,000</u>	<u>3,302,295</u>	<u>307,295</u>
Restricted intergovernmental:			
Powell Bill allocation	560,939	560,940	
Solid waste disposal tax	14,000	13,424	
Governor's Crime Commission Grant	14,072	11,763	
Drug forfeiture	19,500	4,400	
Bullet proof vest grant	3,000	3,244	
NC Rural Economic Development Grant	60,000	48,726	
NC Department of Public Instruction Grant	36,666	36,666	
Total	<u>708,177</u>	<u>679,163</u>	<u>(29,014)</u>
Permits and fees:			
Zoning fees	60,000	113,613	
Fees in Lieu of Park Land	-	50,000	
Civil citations	20,120	39,146	
Public safety fees	5,000	4,533	
Traffic impact analysis fees	10,000	7,000	
Total	<u>95,120</u>	<u>214,292</u>	<u>119,172</u>
Sales and services:			
Rent	8,000	7,570	
Festival/event sales	1,900	2,234	
Total	<u>9,900</u>	<u>9,804</u>	<u>(96)</u>
Investment earnings	<u>390,000</u>	<u>690,442</u>	<u>300,442</u>
Miscellaneous:			
Insurance reimbursements	-	1,729	
Park fees and contributions	60,000	18,150	
Miscellaneous revenues	103,534	106,014	
Total	<u>163,534</u>	<u>125,893</u>	<u>(37,641)</u>
Total revenues	<u>10,327,431</u>	<u>11,223,572</u>	<u>896,141</u>

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

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, 2025

Schedule 1
cont

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Governing body:			
Salaries - elected officials		38,152	
Operating expenditures		5,084	
Administration:			
Salaries and employee benefits		798,467	
Operating expenditures		294,995	
Contracted services		242,877	
Capital outlay		-	
Total	<u>1,497,638</u>	<u>1,379,575</u>	<u>118,063</u>
Public safety:			
Police:			
Salaries and employee benefits		2,987,473	
Operating expenditures		472,579	
Contracted services		14,000	
Capital outlay		212,661	
Total	<u>4,012,127</u>	<u>3,686,713</u>	<u>325,414</u>
Transportation:			
Streets and highways:			
Salaries and employee benefits		147,017	
Operating expenditures		707,455	
Contracted services		21,284	
Capital outlay		710,984	
Total	<u>2,211,573</u>	<u>1,586,740</u>	<u>624,833</u>
Environmental protection:			
Contracted services	<u>1,450,000</u>	<u>1,391,083</u>	<u>58,917</u>
Economic and physical development:			
Salaries and employee benefits		349,433	
Operating expenditures		58,158	
Contracted services		57,852	
Capital outlay		-	
Total	<u>642,756</u>	<u>465,443</u>	<u>177,313</u>
Public works;			
Salaries and employee benefits		131,506	
Operating expenditures		178,285	
Contracted services		104,237	
Capital outlay		222,681	
Total	<u>906,902</u>	<u>636,709</u>	<u>270,193</u>
Cultural and recreation:			
Salaries and employee benefits		509,532	
Operating expenditures		182,537	
Contracted services		223,245	
Capital outlay		258,308	
Total	<u>1,329,626</u>	<u>1,173,622</u>	<u>156,004</u>

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

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, 2025

Schedule 1
cont

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt service:			
Principal	311,800	297,925	
Interest	58,425	47,059	
Total	<u>370,225</u>	<u>344,984</u>	<u>25,241</u>
Contingency	<u>24,000</u>	-	
Total	<u>24,000</u>	-	<u>24,000</u>
Total expenditures	<u>12,444,847</u>	<u>10,664,869</u>	<u>1,779,978</u>
Revenues over (under) expenditures	<u>(2,117,416)</u>	<u>558,703</u>	<u>2,676,119</u>
Other financing sources (uses):			
Lease liabilities issued	55,000	-	(55,000)
Transfer from ARPA fund	665,000	728,211	63,211
Transfer to stormwater fund	(78,183)	(78,183)	-
Total	<u>641,817</u>	<u>650,028</u>	<u>8,211</u>
Fund balance appropriated	<u>1,475,599</u>	-	<u>(1,475,599)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,208,731</u>	<u>\$ 1,208,731</u>
Fund balances, beginning		15,969,210	
Fund balances, ending		<u>\$ 17,177,941</u>	

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

**Town of Stallings
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025**

Schedule 2

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

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

Town of Stallings
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2025

Schedule 3

	Stallings Municipal Park Capital Project Fund	Total Nonmajor Governmental Funds
REVENUES		
Contributions	\$ -	\$ -
Investment earnings	-	-
Total revenues	-	-
EXPENDITURES		
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	\$ -	\$ -

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

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, 2025

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>
Revenues:					
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>
Expenditures:					
Cultural and recreation	<u>3,163,336</u>	<u>3,003,691</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>
Other financing sources:					
Transfer from General Fund	<u>3,025,336</u>	<u>2,999,941</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>
Total fund balance:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

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

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, 2025

Schedule 5

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
CSLRF funds	\$ 5,145,370	\$ 5,145,370	\$ -	\$ 5,145,370	\$ -
Investment revenues	-	291,538	16,903	308,441	308,441
Total Revenues	<u>5,145,370</u>	<u>5,436,908</u>	<u>16,903</u>	<u>5,453,811</u>	<u>308,441</u>
Expenditures:					
Public Safety					
Salaries	5,145,370	-	-	-	5,145,370
Total Expenditures	<u>5,145,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,145,370</u>
Revenues over (under) expenditures	<u>-</u>	<u>5,436,908</u>	<u>16,903</u>	<u>5,453,811</u>	<u>5,453,811</u>
Other financing sources:					
Transfer to General Fund	-	(4,725,600)	(728,211)	(5,453,811)	(5,453,811)
Total other financing sources	<u>-</u>	<u>(4,725,600)</u>	<u>(728,211)</u>	<u>(5,453,811)</u>	<u>(5,453,811)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 711,308</u>	<u>(711,308)</u>	<u>\$ -</u>	<u>\$ -</u>
Total fund balance:					
Beginning of year, July 1			711,308		
End of year, June 30			<u>\$ -</u>		

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

Town of Stallings
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP) - Storm Water Fund
For the Fiscal Year Ended June 30, 2025

Schedule 6

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Residential and commercial fees		\$ 1,008,413	
Total revenues	\$ 808,200	1,008,413	\$ 200,213
Expenditures:			
Salaries and employee benefits		199,472	
Professional fees		169,893	
Other operating expenditures		118,600	
Total expenditures	906,314	487,965	418,349
Revenues over (under) expenditures	(98,114)	520,448	618,562
Other financing sources (uses):			
Transfer from other fund:			
General Fund	-	78,183	78,183
Total other financing sources (uses)	-	78,183	78,183
Revenues and other sources over (under) expenditures and other uses	\$ (98,114)	598,631	\$ 696,745
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(58,575)	
Capital contributions		457,647	
Decrease in deferred outflows of resources - pensions		(3,368)	
Increase in net pension liability		(10,028)	
Decrease in deferred inflows of resources - pensions		(140)	
Increase in accrued vacation pay		(792)	
Change in net position		\$ 983,375	

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



Other Schedules

Town of Stallings
Schedule of Ad Valorem Taxes Receivable
June 30, 2025

Schedule 7

Fiscal Year	Uncollected Balance 06/30/2024	Additions	Collections And Credits	Uncollected Balance 06/30/2025
2024-2025	\$ -	\$ 6,191,171	\$ 6,178,686	\$ 12,485
2023-2024	2,373	-	661	1,712
2022-2023	2,564	-	259	2,305
2021-2022	1,207	-	699	508
2020-2021	584	-	144	440
2019-2020	332	-	63	269
2018-2019	193	-	1	192
2017-2018	114	-	-	114
2016-2017	333	-	-	333
2015-2016	108	-	-	108
2014-2015	2,797	-	2,797	-
	<u>\$ 10,605</u>	<u>\$ 6,191,171</u>	<u>\$ 6,183,310</u>	<u>\$ 18,466</u>
Plus: uncollected 2007-2008 ad valorem taxes receivable				
Ad valorem taxes receivable - net				\$ <u>18,466</u>
Ad valorem taxes - General Fund				\$ 6,192,457
Amounts written off per Statute of Limitations				3,430
Interest and penalties collected				(11,962)
Refunds and adjustments				<u>(615)</u>
Total collections and credits				<u>\$ 6,183,310</u>

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

**Town of Stallings
Analysis of Current Tax Levy
Town-Wide Levy
June 30, 2025**

Schedule 8

	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	\$ 2,599,153,069	\$ 0.216	\$ 5,555,740	\$ 5,555,740	\$ -
Registered motor vehicles	283,265,339	0.216	592,355	-	592,355
Total	<u>2,882,418,408</u>		<u>6,148,095</u>	<u>5,555,740</u>	<u>592,355</u>
Discoveries	26,036,301	0.216	56,238	56,238	-
Releases	(6,093,370)	0.216	(13,162)	(13,162)	-
Total property valuation	<u>\$ 2,902,361,339</u>				
Net levy			<u>6,191,171</u>	<u>5,598,816</u>	<u>592,355</u>
Uncollected taxes at June 30, 2025			<u>(12,485)</u>	<u>(4,163)</u>	<u>(8,322)</u>
Current year's taxes collected			<u>\$ 6,178,686</u>	<u>\$ 5,594,653</u>	<u>\$ 584,033</u>
Current levy collection percentage			<u>99.80%</u>	<u>99.93%</u>	<u>98.60%</u>

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



Compliance Section



**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, 2025 , and the related notes to the financial statements, which collectively comprise the Town of Stallings' basic financial statements, and have issued our report thereon dated February 6, 2026.

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 Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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*.

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 Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DMAPS PLLC

Certified Public Accountants
Monroe, North Carolina
February 6, 2026



**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, 2025. 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 the Uniform Guidance and the State Single Audit Implementation Act 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*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about 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*, the Uniform Guidance, and the State Single Audit Implementation Act we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 and the State Single Audit Implementation Act, 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 justify compliance. Accordingly, no such opinion is expressed.

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

DMSPS PLLC

Certified Public Accountants
Monroe, North Carolina
February 6, 2026



**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, 2025. 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, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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, the Uniform Guidance and the State Single Audit Implementation Act 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*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about 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*, the Uniform Guidance, and the State Single Audit Implementation Act we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 and the State Single Audit Implementation Act, 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 justify compliance. Accordingly, no such opinion is expressed.

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

DMAPS PLLC

Certified Public Accountants
Monroe, North Carolina
February 6, 2026

**TOWN OF STALLINGS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

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)? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses. _____ Yes X None reported

Noncompliance material to federal awards. _____ 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:

<u>Assistance Listing No.</u>	<u>Name of Federal Program or Cluster</u>
21.027	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, 2025**

State Awards

Internal control over major State Programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses. _____ Yes X None reported

Noncompliance material to State awards. _____ Yes X No

Type of auditors' report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act. _____ Yes X No

Identification of major State programs:

Program Name

Powell Bill

**TOWN OF STALLINGS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

None reported.

**TOWN OF STALLINGS
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

Significant Deficiency – Gross Pay Payroll Calculations

Finding 2024-001

Status: Corrected

Town of Stallings
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2025

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Local Expenditures
U.S. Department of Treasury					
Coronavirus State Local Fiscal Recovery Fund	21.027		\$ 728,211	\$ -	\$ -
U.S. Department of Justice					
Equitable Sharing Program	16.922		82,246		
Passed-through the NC Department of Public Safety					
Edward Byrne Memorial Justice Assistance Grant	16.738	15PBJA-21-GG-00278-JAGX	11,808	-	-
Bulletproof Vest Partnership Program	16.607		1,943		
Total Assistance - Federal Programs			<u>824,208</u>	<u>-</u>	<u>-</u>
State Grants:					
NC Department of Transportation					
Powell Bill			-	458,398	-
Passed through Charlotte Regional Transportation Planning Organization			-	35,978	8,995
Total NC Department of Transportation			<u>-</u>	<u>494,376</u>	<u>8,995</u>
NC Department of Public Instruction					
Passed through Union County Public Schools:					
Center for Safer Schools School Safety Grant			-	36,666	52,108
Total NC Department of Public Instruction			<u>-</u>	<u>36,666</u>	<u>52,108</u>
NC Department of Public Safety					
Emergency Management Disaster Reimbursement			-	12,747	-
Total NC Department of Public Safety			<u>-</u>	<u>12,747</u>	<u>-</u>
Total Assistance - State Programs			<u>-</u>	<u>543,789</u>	<u>61,103</u>
Total Federal and State awards			<u>\$ 824,208</u>	<u>\$ 543,789</u>	<u>\$ 61,103</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, 2025. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of 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.

