



Town of   
**Stallings**<sub>-NC-</sub>  
North Carolina

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2017**



**TOWN OF STALLINGS  
NORTH CAROLINA**

**Comprehensive Annual  
Financial Report**

**For the Fiscal Year  
Ended June 30, 2017**

**Prepared By  
Finance Team**



**TOWN OF STALLINGS  
NORTH CAROLINA**

**List of Principal Elected Officials  
Fiscal Year Ended June 30, 2017**

**Town Council**

Wyatt Dunn - **Mayor**

Regis Griffin - **Mayor Pro Tempore**

Rocky Crenshaw

Kathy Heyse

Deborah Romanow

David Scholl

Shawna Steele



**TOWN OF STALLINGS, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Table of Contents**

		<b>Page</b>
<b>INTRODUCTORY SECTION</b>		
	Letter of Transmittal	i-iv
	GFOA's Certificate of Achievement for Excellence in Financial Reporting	v
	Appointed and Administrative Positions	vi
	Boards and Committees	vii-viii
	Area Map	ix
	Organizational Charts	x-xi
<b>FINANCIAL SECTION</b>		
	Independent Auditors' Report	1-2
	Management's Discussion and Analysis	3-14
	<b>Basic Financial Statements</b>	
<b>Exhibit</b>		
	<b>Government-wide Financial Statements:</b>	
1	Statement of Net Position	15
2	Statement of Activities	16
	<b>Fund Financial Statements:</b>	
3	Balance Sheet - Governmental Funds	17
4	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
6	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20

**TOWN OF STALLINGS, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Table of Contents**

		<b>Page</b>
7	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	21
8	Statement of Fund Net Position - Proprietary Fund	22
9	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	23
10	Statement of Cash Flows - Proprietary Fund	24
	Notes to Financial Statements	25-46
	<b>Required Supplemental Financial Data:</b>	
	Schedule of the Proportionate Share of the Net Pension Liability (Asset) - Local Government Employees' Retirement System	47
	Schedule of Contributions – Local Government Employees' Retirement System	48
	Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance	49
	Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officers' Special Separation Allowance	50
	<b>Individual Fund Statements and Schedules:</b>	
<b>Schedule</b>		
1	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	51-53
2	Combining Balance Sheet – Nonmajor Governmental Funds	54
3	Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	55

**TOWN OF STALLINGS, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Table of Contents**

		<b>Page</b>
4	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Stallings Municipal Park Capital Project Fund	56
5	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Potter/Pleasant Plains Intersection Capital Project Fund	57
6	Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Storm Water Fund	58
	<b>Other Schedules:</b>	
7	Schedule of Ad Valorem Taxes Receivable	59
8	Analysis of Current Tax Levy - Town-Wide Levy	60
	<b>STATISTICAL SECTION</b>	
	<b>Financial Trends:</b>	
	Net Position by Component	61
	Changes in Net Position	62
	Fund Balances, Governmental Funds	63-64
	Changes in Fund Balances, Governmental Funds	65
	<b>Revenue Capacity:</b>	
	Assessed Value and Estimated Actual Value of Taxable Property	66
	Direct and Overlapping Property Tax Rates	67
	Principal Property Taxpayers	68
	Property Tax Levies and Collections	69
	<b>Debt Capacity:</b>	
	Ratios of General Bonded Debt Outstanding	70
	Ratio of Outstanding Debt by Type	71
	Direct and Overlapping Governmental Activities Debt	72
	Legal Debt Margin Information	73
	<b>Demographic and Economic Information:</b>	
	Demographic and Economic Statistics	74
	Principal Employers	75

**TOWN OF STALLINGS, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Table of Contents**

	<b>Page</b>
<b>Operation Information:</b>	
Full-Time Equivalent Town Government Employees by Function	76
Capital Asset Statistics by Function	77
Operating Indicators by Function	78
<b>COMPLIANCE SECTION</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in accordance with <i>Government Auditing Standards</i>	79-80
Schedule of Findings, Responses and Questioned Costs	81
Schedule of Prior Year Findings	82
Schedule of Expenditures of Federal and State Awards	83

## INTRODUCTORY SECTION

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- Letter of Transmittal
- GFOA's Certificate of Achievement for Excellence in Financial Reporting
- Appointed and Administrative Positions
- Boards and Committees
- Area Map
- Organizational Chart





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Town of  
**Stallings**

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315 Stallings Road • Stallings, North Carolina 28104

October 13, 2017

To the Honorable Mayor Wyatt Dunn, Town Council, and Citizens of the Town of Stallings:

We are proud to present the Comprehensive Annual Financial Report (CAFR) of the Town of Stallings for the fiscal year ended June 30, 2017. The CAFR consists of financial statements and supplemental statements. State law requires that each local governmental unit have its accounts audited by an independent certified public accountant. The Town's audit was conducted by Collins, Boike & Moore, P.A., CPAs. The firm's unmodified opinion on the statements is included in the Financial Section of this report. As required by accounting standards, the financial statements are management's representation of the Town's finances, and management assumes full responsibility for the completeness and reliability of all the information presented. To provide a reasonable basis for making these representations, management has established an internal control framework to protect the Town's assets from theft, fraud, or misuse. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

The supplemental schedules that combine with the financial statements to create the CAFR are the Introductory and Statistical Sections. The Introductory Section consists of this letter and information about the Town's organizational structure and elected officials. The Statistical Section contains fiscal and economic data presenting a more comprehensive understanding of the Town.

Generally Accepted Accounting Principles (GAAP) require that management present a narrative introduction and financial summary to accompany the basic financial statements. This is called Management Discussion and Analysis (MD&A), and it is located immediately after the report of the independent audit firm.

### PROFILE OF THE GOVERNMENT

The Town covers an area of 8.07 square miles and runs along the border between Union and Mecklenburg county. The vast majority of the Town is in Union County, with 110 additional parcels located in Mecklenburg. Interstate 485, a highway loop encircling Charlotte, has four interchanges on the Town's western border. U.S. Route 74, which runs from Chattanooga, Tennessee to the Atlantic Ocean, bisects the Town.

The Town has a Council-Manager form of government. The Town Council consists of six members who represent districts but are elected at large by all citizens regardless of the district in which they live. The Mayor is elected on an at-large basis. Council members and the Mayor are elected to four-year terms. Primary duties of the Council are to adopt the annual budget, enact policies concerning Town operations, develop long-term plans to guide the Town's future, and to appoint members of boards and committees.

The Town Manager is the chief administrator of the Town's employees. The Manager is appointed by the Council and serves at their pleasure under a mutually agreed-upon contract. Responsibilities of the position include supervising all departments, ensuring that all Council directives are carried out, creating the annual budget, representing the Town in dealings with outside service providers and the public as well as overseeing the performance of all of the Town's services.

The Town provides its residents with a variety of services that include public safety, planning and zoning, cultural and recreational opportunities, administration, public works and environmental protection as well as others. This report includes all of the Town's activities in performing these and other services.

## HISTORY OF STALLINGS

“All prospects bid fair to make this locality of much future importance.”

These were the words of M.T. Stallings in 1912 as he predicted the future of the 200 acres he had purchased in western Union County. Just ten years before, M.T. left Harrisburg, North Carolina, where he had worked as a farmer, merchant, and magistrate. During the next decade, M.T.'s brother Martin bought additional land, a sawmill was opened, and the fledgling community already called Stallings had a country store and a school with 75 students. Martin Stallings was the father of Carl "Tip" Stallings, who became the first Mayor of the town after its incorporation.

Union County's population grew steadily for the next few decades, and Stallings saw change as well. The area remained unincorporated, even as more families called the area home. Most of these families were farming the land, growing cotton, watermelons, and corn. The country store changed ownership four times, but always kept the same name: “The Country Store.” U.S. Route 74 was built in the early 1950s and became a key connection between Union and Mecklenburg counties.

In 1959, a law was passed that would eventually lead to the incorporation of the Town. The Annexation Act allowed municipalities to engage in involuntary annexation of contiguous areas. As Union County's growth accelerated in the 1960s and 1970s, so did annexation. The residents of the Stallings area decided to incorporate in order to retain control over local decisions. The Town of Stallings was officially incorporated on June 24, 1975.

Growth throughout the next twenty-five years was steady, thanks to the ever-increasing size of Charlotte. Developments sprung up in all directions, and the population of Stallings rose from

1,826 in 1980 to 3,189 in 2000. Town staff grew from one part-time to eight full-time employees. In 1999, the first Town Administrator was hired.

The dawn of the 21st century changed everything. The municipalities of Union County started annexing as much newly developed land as possible, and Stallings joined in the rush. A 2001 annexation along Stevens Mill Road and Lawyers Road doubled the population and size of the Town overnight. The pre-recession economy boomed, and even more developments were built. The growth resulted in the Town's first major infrastructure commitments. A police department was created in 2004; a new Town Hall was constructed a year later. The former Town Hall, now known as the Carl "Tip" Stallings Civic Building, is available for public use and additional Town functions.

Stallings Municipal Park underwent a complete renovation from 2011 to 2013, and has won several state and local awards for its design and popularity. The Parks and Recreation Department is now able to host a wide variety of events, including Stallings Fest (the Town's signature event), Christmas tree lighting, concerts in the park, Easter egg hunt, 5K run and Best Friends Festival. They have also expanded the number of programs this year to include nature education, yoga, pickle ball, tennis camp, star gazing and summer programs for children.

### ECONOMIC CONDITION

While agriculture once ruled as the economic base for Union County, rapid growth has converted the western part of the county, including Stallings, to an economy based on small businesses and service-based employment. The Town's economy benefits from its close proximity to Charlotte. Sustained growth in the area has created increased employment opportunities, and the resulting influx of people has generated more development.

One complication of this growth is the addition of a U.S. Route 74 Bypass. The Bypass will be built directly through the Town in the vicinity of the existing U.S. Route 74 and Stallings Road. Construction of the Bypass began in 2017 with a completion date targeted in December 2018. The Town is now faced with the prospect of trying to revitalize U.S. Route 74 and develop the newly created roadway which has seen an exodus of business development over the past years.

In 2013, the Town created its first official Capital Improvement Plan (CIP). The CIP was designed to anticipate and ensure funding for the major capital projects occurring over the next five years. The plan was changed in 2016 to include capital asset maintenance and is now called the Capital Maintenance and Infrastructure Improvement Plan (CMIIP). The Town Council updates the CMIIP during the budget process, and adopts the plan along with the budget.

The Town has a fund balance policy in place to ensure that reserves will be available in case of unforeseen needs or opportunities. The policy of the Town is to keep the unrestricted fund balance above 30 percent of the budgeted annual expenditures. The resurgent economy and the strong fiscal oversight of the Town Council, Stallings has kept the Town's fund balance well above that percentage.

## LONG-TERM PLANNING

As a result of the Town's growth and central location to major highways (U.S. Route 74 and Interstate 485), the Council approved the development of four small area plans for main roads in our town that connect Stallings to these highways. These plans will be used as a tool to work with developers and shape our community in the coming years.

The Town has also approved the development of a Stallings Greenway plan which will add to our park and pedestrian areas.

## ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for comprehensive annual financial reports (CAFR) which meet several standards, including conformity with GAAP, completion of supplementary materials, and clarity of presentation. A Certificate of Achievement is valid for one year only.

The Town of Stallings prepared and submitted comprehensive annual reports for the fiscal years ended June 30, 2015 and June 30, 2016. Both reports were awarded a Certificate of Achievement for Excellence in Financial Reporting. The town intends to continue to update, improve, and submit CAFRs for eligibility.

Preparation of this report included the efforts and input from the finance and administrative staff as well as the support of the Town Manager, Mayor and Council for their leadership and fiscal responsibility.

Respectfully submitted,



Erinn E. Nichols  
Interim Town Manager/Town Clerk



Marsha A. Gross  
Finance Officer

# CERTIFICATE OF ACHIEVEMENT

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Government Finance Officers Association

## Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Town of Stallings  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Stallings for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. This second report awarded this prestigious honor.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We have prepared the Comprehensive Annual Report for fiscal year ended June 30, 2017 and are submitting to the GFOA to determine its eligibility for another Certificate of Achievement for Excellence in Financial Reporting.

## APPOINTED AND ADMINISTRATIVE POSITIONS

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**Kevin Woods**  
*Town Manager*  
*(6/2014 to 8/2017)*

<b>Erinn Nichols</b>	<i>Interim Town Manager (9/2017)</i> <i>Deputy Town Manager/Town Clerk</i>
<b>Marsha Gross</b>	<i>Finance Officer</i>
<b>Karen Williams</b>	<i>Administration/Human Resources</i>
<b>Christopher Easterly</b>	<i>Engineering/Public Works</i>
<b>Lynne Hair</b>	<i>Town Planner</i>
<b>Minor Plyler</b>	<i>Police Chief</i>
<b>Ashley Platts</b>	<i>Parks and Recreation</i>
<b>Emily Hughes</b>	<i>Communications/Deputy Town Clerk</i>

## **BOARDS AND COMMITTEES**

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The Town of Stallings has numerous boards and advisory committees that help make recommendations to the Town Council. These boards and committees are open to citizens within the Town limits. The Town values the inputs of its residents and committee membership is an opportunity for citizens to be involved in local government. Each committee includes a staff and council member liaison.

### Board of Adjustment

Responsibilities: The purpose of this Board is to hear and decide all appeals and matters referred to it under the laws and ordinances of the Town.

### Finance and Administration Committee

Responsibilities: The Finance and Administration Committee is responsible for reviewing and making recommendations for updates or changes to fiscal and administrative policies, and for the periodic review of financial transactions of the local government. The Committee provides oversight and makes regular reports and recommendations to Council regarding Town matters related to administration, finance, insurance, legal services, pension/401(k), and tax collection.

### Parks and Recreation Committee

Responsibilities: The Park and Recreation Advisory Committee advises the Town Council and Town Manager on the development and administration of all park and recreation programs as well as special events planning. The Committee provides input for the long-range planning of resources towards park projects and other indoor/outdoor recreational activities.

### Planning Board

Responsibilities: The Planning Board proposes or reviews zoning amendments, makes recommendations to the Town Council about proposed revisions to the Zoning Ordinance, and engages in general planning efforts to improve the physical environment of the Town.

### Public Safety Advisory Committee

Responsibilities: The Public Safety Advisory Committee serves as an advisory committee to the Town Council regarding Public Safety management. The Committee

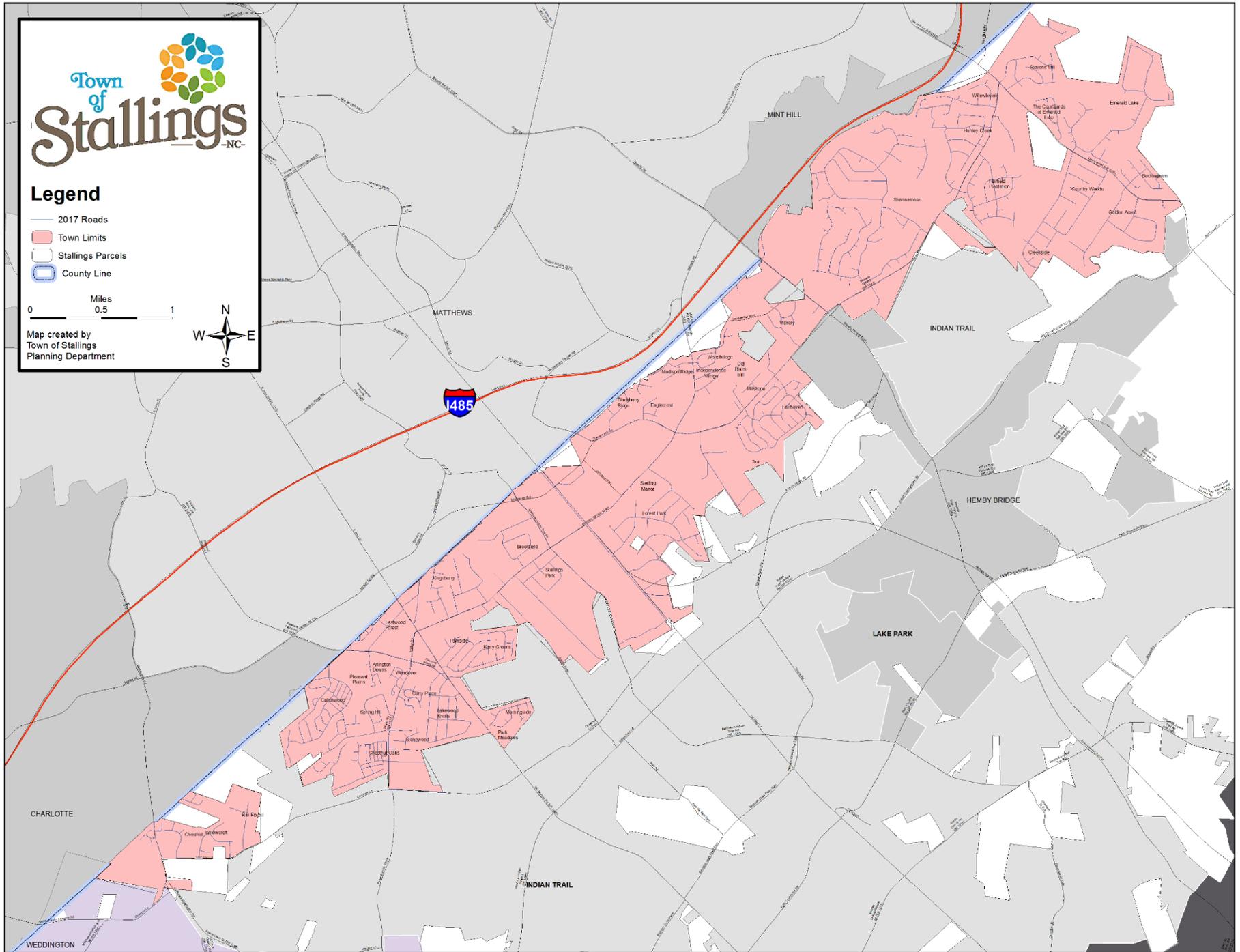
advises in the area of improving safety within the town for the residents as well as ensuring local statutes are in compliance with Union County's Emergency Management Department.

#### Stormwater Advisory Committee

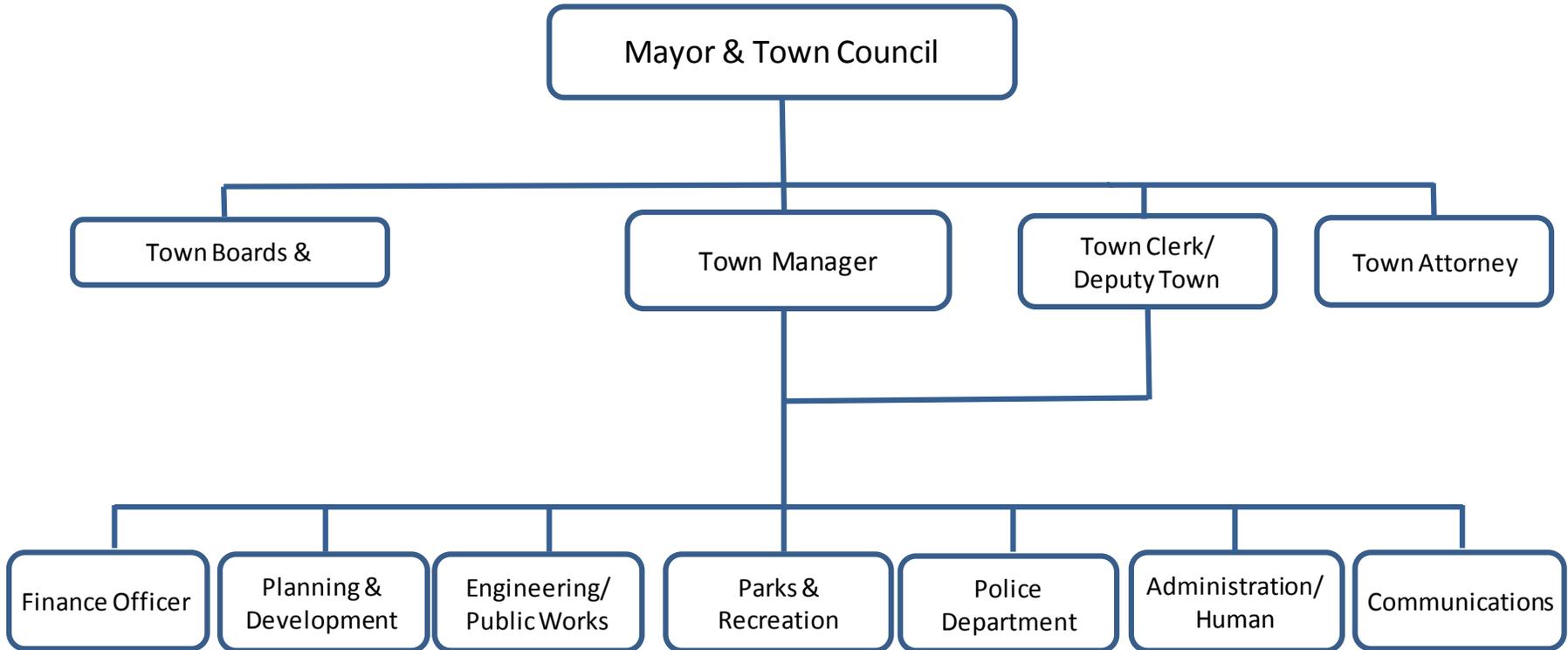
Responsibilities: The Stormwater Advisory Committee provides guidance, oversight and recommendations to Town Council and staff in the implementation of a Stormwater Management Program.

#### Transportation Advisory Committee

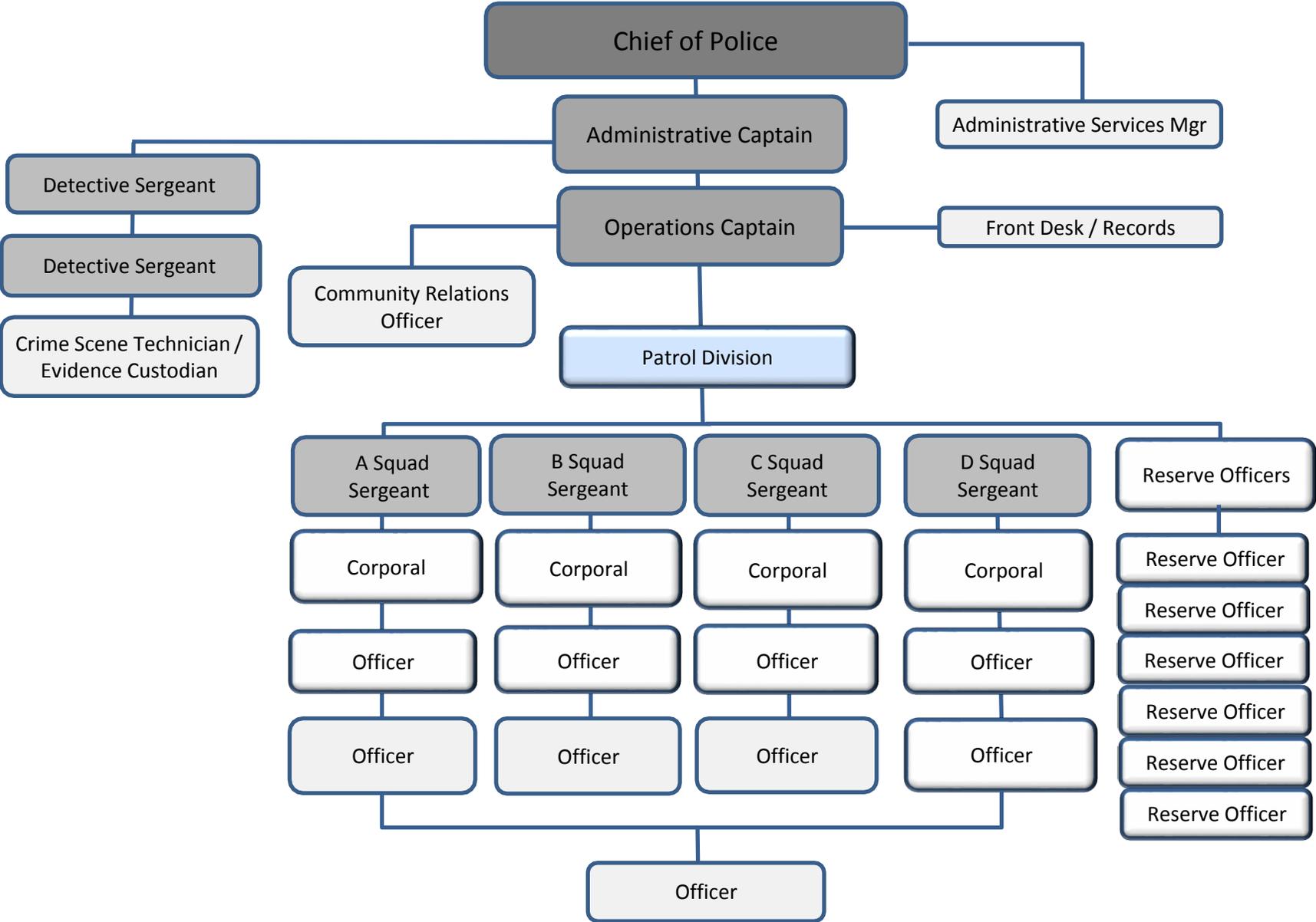
Responsibilities: The Transportation Advisory Committee serves as an advisory committee to the Town Council regarding public transportation matters involving all streets (state, town, and private). This Committee provides the Town Council with a citizen's viewpoint on local and regional transportation issues, strategies, funding priorities, and the necessary data and information to assist in the decision making process of the Town Council.



# Town of Stallings Organizational Chart



# Stallings Police Department Organizational Chart





## **FINANCIAL SECTION**

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- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
  - Government-wide Financial Statements
  - Fund Financial Statements
  - Notes to Financial Statements
  - Required Supplemental Financial Data
  - Individual Fund Statements and Schedules
  - Other Schedules



**Independent Auditors' Report**

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

**Report on the Financial Statements**

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 Town of Stallings, North Carolina as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Town of Stallings' basic financial statements as listed in the table of contents.

**Management's Responsibility 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; this includes 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.

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the 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 Town of Stallings, North Carolina as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 14, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 47 through 48, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 49 through 50, respectively, be presented to supplement the basic financial statements. Such information, 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 consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other 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 introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State Awards is also presented for purposes of additional analysis 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, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 nonmajor 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.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2017 on our consideration of the 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 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.

*Collins, Boike & Moore, PA*

Monroe, North Carolina  
October 13, 2017

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## **Management's Discussion and Analysis**

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## 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, 2017. 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

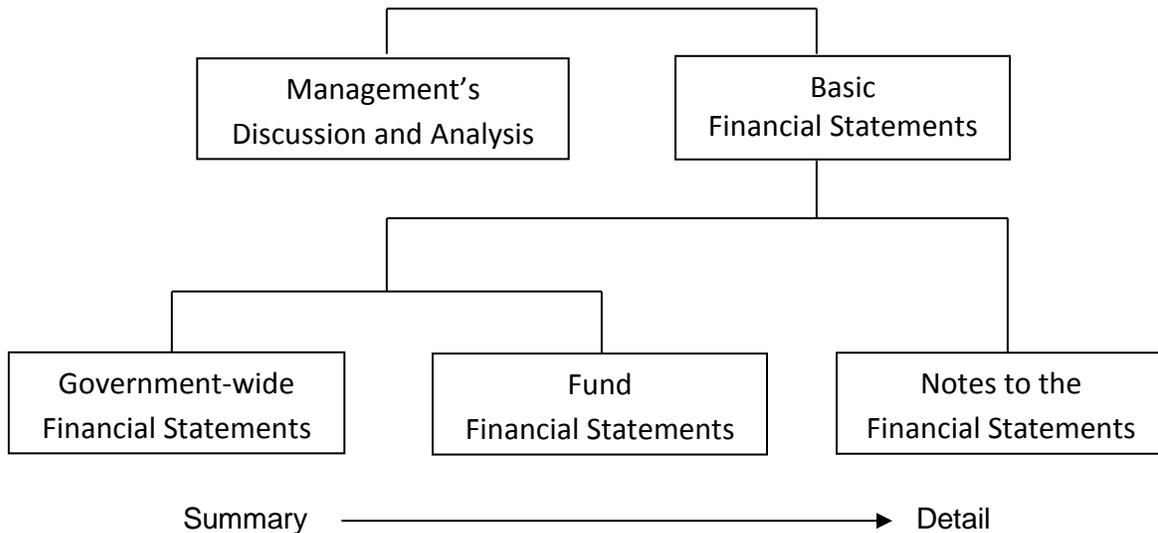
- The assets and deferred outflows of resources of the Town of Stallings exceeded its liabilities and deferred inflows of resources at the close of the year by \$27,767,184 (*net position*).
- The government's total net position decreased by \$629,363 mainly due to depreciation of Town assets which is offset by positive variances in revenues and cost savings measures on the Town's expenses.
- As of the close of the current fiscal year, the Town of Stallings' governmental funds reported combined ending fund balance of \$10,039,240 with a net increase of \$603,604 in fund balance. Approximately 13% of this total amount, or \$1,286,181 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,216,484, or 83% of total general fund expenditures for the fiscal year.
- The Town approved the annexation of neighborhood roadways in The Courtyards at Weddington Road and Fairhaven Phase II during FY2017 totaling 1.56 miles which added \$1,119,132 to the Town's fixed assets.

### 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 that 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, 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 of 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 less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of 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 or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement

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

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. 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 is 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 25 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 47 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 modification 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 10,315,183	\$ 9,667,741	\$ 884,141	\$ 733,440	\$ 11,199,324	\$ 10,401,181
Capital assets	17,494,027	18,692,634	63,680	-	17,557,707	18,692,634
Deferred outflows of resources	590,488	129,990	-	-	590,488	129,990
Total assets and deferred outflows of resources	28,399,698	28,490,365	947,821	733,440	29,347,519	29,223,805
Long-term liabilities outstanding	1,177,443	366,321	-	-	1,177,443	366,321
Other liabilities	356,691	348,302	2,723	33,610	359,414	381,912
Deferred inflows of resources	43,478	79,025	-	-	43,478	79,025
Total liabilities and deferred inflows of resources	1,577,612	793,648	2,723	33,610	1,580,335	827,258
Net position:						
Net investment in capital assets	17,494,027	18,692,634	63,680	-	17,557,707	18,692,634
Restricted	1,286,181	931,408	-	-	1,286,181	931,408
Unrestricted	8,041,878	8,072,675	881,418	699,830	8,923,296	8,772,505
Total net position	\$ 26,822,086	\$ 27,696,717	\$ 945,098	\$ 699,830	\$ 27,767,184	\$ 28,396,547

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 \$27,767,184 as of June 30, 2017. The Town's net position decreased by \$629,363 for the fiscal year ended June 30, 2017. The largest decrease is reflected in the Town's net investment in capital assets (e.g. land, streets, buildings and equipment) which recorded \$3,342,207 in depreciation expense for the fiscal year ended June 30, 2017. The Town of Stallings uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the Town of Stallings' net position, \$1,286,181, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,923,296 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:

- Diligence in the collection of property taxes by maintaining a tax collection percentage of 99.67%, which continues to exceed the statewide average.
- Increased sales tax revenues of \$135,433 due to economic growth in the Town.
- Ad valorem tax increase of approximately \$104,000 and fees in lieu of park land increase of \$65,035 over last fiscal year due to addition of new neighborhoods in the Town.
- Cost savings and reductions in spending from budget of \$216,398 for current year expenditures and a reduction of \$275,099 from prior fiscal year. Achieved through managements diligence in competing work, insourcing previously out sourced tasks, and closely monitoring actual verses budgeted costs.
- The Town has no outstanding debt and therefore incurs no interest expenses.

**Management Discussion and Analysis  
Town of Stallings**

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 191,081	\$ 165,494	\$ 488,516	\$ 481,394	\$ 679,597	\$ 646,888
Operating grants and contributions	443,907	1,075,758	-	-	443,907	1,075,758
Capital grants and contributions	1,133,332	-	-	-	1,133,332	-
General revenues:						
Property taxes	3,819,553	3,705,616	-	-	3,819,553	3,705,616
Other Taxes	2,056,061	2,016,977	-	-	2,056,061	2,016,977
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	195,763	113,372	-	92	195,763	113,464
Total Revenues	<u>7,839,697</u>	<u>7,077,217</u>	<u>488,516</u>	<u>481,486</u>	<u>8,328,213</u>	<u>7,558,703</u>
Expenses:						
General Government	1,167,904	1,089,163	-	-	1,167,904	1,089,163
Public Safety	2,234,108	2,046,085	-	-	2,234,108	2,046,085
Transportation	3,204,115	3,160,071	-	-	3,204,115	3,160,071
Economic and physical development	352,857	195,538	-	-	352,857	195,538
Environmental protection	885,217	912,934	-	-	885,217	912,934
Cultural and recreation	624,931	564,240	-	-	624,931	564,240
Storm water	-	-	243,248	388,383	243,248	388,383
Total Expenses	<u>8,469,132</u>	<u>7,968,031</u>	<u>243,248</u>	<u>388,383</u>	<u>8,712,380</u>	<u>8,356,414</u>
Increase (decrease) in net position	(629,435)	(890,814)	245,268	93,103	(384,167)	(797,711)
Net Position, beginning, restated	<u>27,451,521</u>	<u>28,342,335</u>	<u>699,830</u>	<u>606,727</u>	<u>28,151,351</u>	<u>28,949,062</u>
Net Position, June 30	<u>\$ 26,822,086</u>	<u>\$ 27,451,521</u>	<u>\$ 945,098</u>	<u>\$ 699,830</u>	<u>\$ 27,767,184</u>	<u>\$ 28,151,351</u>

**Governmental activities.** Governmental activities decreased the Town's net position by \$629,435 representing a slight drop in net position of 2.29%. The key element of this decrease was the depreciation expense of \$3,340,529 of Town assets.

- The Town increased total revenues by \$762,480 which is mainly due to \$1,119,132 for the annexation of roads and infrastructure of two subdivisions as well as \$14,200 for land donation designated for park land.
- Management also made an investment in the Stallings Municipal Park with the purchase of an adjacent property. This land will be used to enhance our park facilities and provide additional parking.

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

- Total expenses increased over prior fiscal year, but as a percentage of revenue they decreased from 113% from prior fiscal year down to 108% for this fiscal year. Management continues monitor and implement cost cutting measures.

**Business-type Activities.** Business-type activities increased the Town of Stallings' net position by \$245,268. Key elements of this increase are as follows:

- No major repair projects were necessary during the fiscal year. Repairs were made for those items that met the Town's repair criteria.
- The Storm Water fees remained unchanged from prior year.

## **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 the current fiscal year, the Town of Stallings' fund balance available in the General Fund was \$5,216,484, while total fund balance reached \$10,082,108. The Town Council has determined that the Town should maintain an available fund balance of thirty percent 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 83.5% of general fund expenditures, while total fund balance represents 161.4% of the same amount.

At June 30, 2017, the governmental funds of the Town of Stallings reported a combined fund balance of \$10,039,240 with a net increase in fund balance of \$603,604 or 6.4% over prior fiscal year. The positive change in fund balance is due to mainly to the increased ad valorem and sales and use tax revenues of \$239,428 over prior year as well as a reduction in expenditures of \$275,099. Park grants and fees in lieu of park land revenue increased \$65,035 over prior year which also adding to fund balance.

**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.

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

There were a number of reasons the Town revised its budget through the year. The initial budget ordinance contained an error which was corrected. The Town received restricted intergovernmental funds that were available for use during 2017. Although the Town diligently monitored expenditures to ensure they complied with budgetary requirements, there were amendments made to the General Fund in General Government budget related to unexpected expenditures and capital outlays. Land adjacent to the Town's municipal park became available for purchase requiring a capital investment.

At year-end revenues were 10.4% greater than the budget due to increases in ad valorem and sales and use tax and capital contributions. Expenditures were 3.5% below budget mainly in Transportation where budgeted road repairs were not necessary in accordance with the Town's road maintenance protocol.

**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 \$881,418. The total change in net position was an increase of \$245,268. The increase was a result of lack of required repairs or major projects.

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

**Capital Assets.** The Town of Stallings' investments in capital assets for its governmental and business-type activities as of June 30, 2017 total \$17,557,707 (net of accumulated depreciation). These assets include buildings, streets, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year included the following:

- Several major road repairs were completed which involved removing the old asphalt, repairing the base stone, subgrade, and resurfacing with a value of \$600,425.
- Annexation of 1.56 miles of neighborhood streets from 2 subdivisions totaling \$1,119,132.
- Installation of sidewalks accounted for an addition of \$11,250.
- Construction in progress of \$97,620, consisting of engineering costs for the Potter/Pleasant Plains Intersection Improvement project.
- Acquisition of public safety vehicles and equipment totaling \$202,206.
- Purchase of land and site work for park improvements at Stallings Municipal Park totaling \$152,789.
- Capital contribution of greenway land with a value of \$14,200.
- Several storm water improvements including drain inlets and concrete swales totaling \$65,358.

**Management Discussion and Analysis  
Town of Stallings**

**Town of Stallings' Capital Assets  
(net of depreciation)  
Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Infrastructure	\$ 12,302,269	\$ 13,453,769	\$ 63,680	\$ -	\$ 12,365,949	\$ 13,453,769
Land improvements	2,011,073	2,206,502	-	-	2,011,073	2,206,502
Building and improvements	1,219,141	1,266,817	-	-	1,219,141	1,266,817
Land	958,331	791,342	-	-	958,331	791,342
Vehicles	294,305	232,083	-	-	294,305	232,083
Construction in progress	553,613	585,993	-	-	553,613	585,993
Equipment	116,893	93,740	-	-	116,893	93,740
Computers and Software	38,402	62,388	-	-	38,402	62,388
Total	<u>\$ 17,494,027</u>	<u>\$ 18,692,634</u>	<u>\$ 63,680</u>	<u>\$ -</u>	<u>\$ 17,557,707</u>	<u>\$ 18,692,634</u>

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

**Long-term Debt.** As of June 30, 2017, the Town of Stallings had no bonded debt outstanding. The only debt the Town has is related to compensated absences and pension related debt.

**Outstanding Liabilities  
Figure 5**

Town of Stallings' Outstanding Debt

	Governmental Activities	
	2017	2016
Pension related debt (LGERS)	\$ 653,679	\$ 142,761
Pension related debt (LEO)	523,764	243,427
Compensated absences	145,751	158,894
Total	<u>\$ 1,323,194</u>	<u>\$ 545,082</u>

The Town of Stallings' total debt increased by \$778,112 (142.8%) during the past fiscal year and is seen in both the net pension liability (LGERS) and total pension liability (LEO) for the law enforcement officers' separation allowance. The increase was due to the Town's implementation Government Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial*

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

*Reporting for Pension and Related Assets That Are Not within Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.*

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 margin for the Town of Stallings is \$142,074,056.

Additional information regarding the Town of Stallings' long-term debt can be found in Note III.B 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 has stimulated construction growth in the Town this fiscal year with ad valorem tax growth of 2.6% as well as economic growth with sales and use tax increasing 13.6%. Population growth and new construction continue to increase the Town's tax base which is projected to increase an additional 3.6%.
- The Town's tax rate remained at \$0.215 per \$100 of assessed property value. Excellent ad valorem collection rates and controlled spending have allowed the Town to hold the tax rate constant.
- The Town is affected by the construction activity with the building of the Monroe Bypass on US 74 which began this fiscal year with a completion projected in late 2018. The Town has invested in small area plans for this as well as 4 other major thoroughfares in our jurisdiction to explore economic growth possibilities. Plans are being developed for Idlewild Road, Old Monroe Road, Stevens Mill and Stallings Road intersection as well as a Town of Stallings Greenway. These plans include a combination of both commercial and residential new construction which will positively impact both the Town and surrounding community.

### **Budget Highlights for the Fiscal Year Ending June 30, 2018**

**Governmental Activities:** Property taxes, sales and use taxes, and permits and fees are expected to increase in the upcoming fiscal year as a result of the economic growth in the Town. Council elected to keep the property tax rate the same at a rate of \$0.215.

Budgeted expenditures in the General Fund are expected to increase slightly 2.33% to \$6,248,000. This increase is primarily seen in public works department where there will be an investment in tools and equipment. Savings are projected in outside services which will be self-performed.

For the 2017-2018 fiscal year, Town Council has approved the construction of a new public works building and civic/government building. The public works building will house the public works department who maintain Town Hall and Stallings Parks. The civic/government building will replace

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

the existing Civic Center. Plans are being developed and construction is projected to begin late this fiscal year.

Engineering, design and right-of-way acquisition for the road improvement project at Pleasant Plains Road and Potter Road is underway with construction scheduled to begin in late 2018.

**Business-type Activities:** The storm water fees were 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.

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

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## **Basic Financial Statements**

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**Town of Stallings  
Statement of Net Position  
June 30, 2017**

**Exhibit 1**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 9,344,173	\$ 874,392	\$ 10,218,565
Taxes receivable (net)	45,052	-	45,052
Accrued interest receivable on taxes	19,275	-	19,275
Accounts receivable (net)	-	9,749	9,749
Due from other governments	280,451	-	280,451
Restricted cash and cash equivalents	626,232	-	626,232
Total current assets	<u>10,315,183</u>	<u>884,141</u>	<u>11,199,324</u>
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	1,511,943	-	1,511,943
Other capital assets, net of depreciation	15,982,084	63,680	16,045,764
Total capital assets	<u>17,494,027</u>	<u>63,680</u>	<u>17,557,707</u>
Total non-current assets	<u>17,494,027</u>	<u>63,680</u>	<u>17,557,707</u>
Total assets	<u>\$ 27,809,210</u>	<u>\$ 947,821</u>	<u>\$ 28,757,031</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	590,488	-	590,488
Total deferred outflows of resources	<u>590,488</u>	<u>-</u>	<u>590,488</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	197,740	\$ 2,000	\$ 199,740
Accounts payable from restricted cash	5,241	-	5,241
Deposits in escrow	7,959	-	7,959
Unearned revenue	-	723	723
Current portion long-term liabilities	145,751	-	145,751
Total current liabilities	<u>356,691</u>	<u>2,723</u>	<u>359,414</u>
Long-term liabilities:			
Net pension liability	653,679	-	653,679
Total pension liability	523,764	-	523,764
Due in more than one year	-	-	-
Total long-term liabilities	<u>1,177,443</u>	<u>-</u>	<u>1,177,443</u>
Total liabilities	<u>1,534,134</u>	<u>2,723</u>	<u>1,536,857</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	674	-	674
Pension deferrals	42,804	-	42,804
Total deferred inflows of resources	<u>43,478</u>	<u>-</u>	<u>43,478</u>
<b>NET POSITION</b>			
Net investment in capital assets	17,494,027	63,680	17,557,707
Restricted for:			
Stabilization by State Statute	667,933	-	667,933
Streets	313,445	-	313,445
Drug Forfeiture	304,803	-	304,803
Unrestricted	8,041,878	881,418	8,923,296
Total net position	<u>\$ 26,822,086</u>	<u>\$ 945,098</u>	<u>\$ 27,767,184</u>

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

**Town of Stallings**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

**Exhibit 2**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary government:</b>							
Governmental Activities:							
General government	\$ 1,167,904	\$ -	\$ -	\$ -	\$ (1,167,904)	\$ -	\$ (1,167,904)
Public safety	2,234,108	3,345	39,889	-	(2,190,874)	-	(2,190,874)
Transportation	3,204,115	-	393,611	1,119,132	(1,691,372)	-	(1,691,372)
Environmental protection	885,217	-	10,407	-	(874,810)	-	(874,810)
Economic and physical development	352,857	62,855	-	-	(290,002)	-	(290,002)
Cultural and recreational	624,931	124,881	-	14,200	(485,850)	-	(485,850)
Total governmental activities	<u>8,469,132</u>	<u>191,081</u>	<u>443,907</u>	<u>1,133,332</u>	<u>(6,700,812)</u>	<u>-</u>	<u>(6,700,812)</u>
Business-type activities:							
Storm Water	243,248	488,516	-	-	-	245,268	245,268
Total business-type activities	<u>243,248</u>	<u>488,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,268</u>	<u>245,268</u>
Total primary government	<u>\$ 8,712,380</u>	<u>\$ 679,597</u>	<u>\$ 443,907</u>	<u>\$ 1,133,332</u>	<u>\$ (6,700,812)</u>	<u>\$ 245,268</u>	<u>\$ (6,455,544)</u>

General revenues:

Taxes:

Property taxes, levied for general purpose	3,819,553	-	3,819,553
Other taxes and licenses	2,056,061	-	2,056,061
Unrestricted investment earnings	35,226	-	35,226
Restricted investment earnings	1,885	-	1,885
Gain on disposal of assets	7,062	-	7,062
Miscellaneous	151,590	-	151,590
Total general revenues and transfers	<u>6,071,377</u>	<u>-</u>	<u>6,071,377</u>
Change in net position	(629,435)	245,268	(384,167)
Net position, beginning, previously reported	27,696,717	699,830	28,396,547
Restatement	(245,196)	-	(245,196)
Net position, beginning, restated	<u>27,451,521</u>	<u>699,830</u>	<u>28,151,351</u>
Net position, ending	<u>\$ 26,822,086</u>	<u>\$ 945,098</u>	<u>\$ 27,767,184</u>

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

**Town of Stallings  
Balance Sheet  
Governmental Funds  
June 30, 2017**

**Exhibit 3**

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Potter/Pleasant Plains Intersection Improvement Capital Project Fund</u>	<u>Non-Major Funds</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,344,173	\$ -	\$ -	\$ 9,344,173
Restricted cash	626,232	-	-	626,232
Receivables, net:				
Taxes	45,052	-	-	45,052
Due from other governments	280,451	-	-	280,451
Total assets	<u>10,295,908</u>	<u>-</u>	<u>-</u>	<u>10,295,908</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	154,872	42,868	-	197,740
Accounts payable from restricted cash	5,241	-	-	5,241
Deposits in escrow	7,961	-	-	7,961
Total liabilities	<u>168,074</u>	<u>42,868</u>	<u>-</u>	<u>210,942</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes receivable	45,052	-	-	45,052
Prepaid taxes	674	-	-	674
Total deferred inflows of resources	<u>45,726</u>	<u>-</u>	<u>-</u>	<u>45,726</u>
<b>FUND BALANCES</b>				
Restricted				
Stabilization by State Statute	667,933	-	-	667,933
Streets - Powell Bill	313,445	-	-	313,445
Drug Forfeiture	304,803	-	-	304,803
Committed				
Parks and Recreation	330,043	-	-	330,043
Capital Projects Fund	-	(42,868)	-	(42,868)
Assigned				
Subsequent year expenditures	1,000,000	-	-	1,000,000
Minimum fund balance requirement	2,249,400	-	-	2,249,400
Unassigned	5,216,484	-	-	5,216,484
Total fund balances	<u>10,082,108</u>	<u>(42,868)</u>	<u>-</u>	<u>10,039,240</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,295,908</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,295,908</u>

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

**Town of Stallings**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**  
**June 30, 2017**

**Exhibit 4**

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

Total fund balance - Governmental Funds		\$ 10,039,240
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	38,580,459	
Accumulated depreciation	<u>(21,086,432)</u>	17,494,027
Deferred outflows of resources related to pensions are not reported in the funds		
		590,488
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		
		19,275
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Compensated absences	(145,749)	
Net pension liability	(653,679)	
Total pension liability	<u>(523,764)</u>	(1,323,192)
Deferred inflows of resources related to pensions are not reported in the funds		
		(42,804)
Earned revenues considered deferred inflows of resources in fund statements		
		<u>45,052</u>
Net position of governmental activities		<u><u>\$ 26,822,086</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, 2017**

**Exhibit 5**

	<u>Major Funds</u>			<b>Total Governmental Funds</b>
	<u>General</u>	<u>Potter/Pleasant Plains Intersection Improvement Capital Project Fund</u>	<u>Non-Major Funds Total</u>	
<b>REVENUES</b>				
Ad valorem taxes	\$ 3,817,785	\$ -	\$ -	\$ 3,817,785
Other taxes and licenses	42,555	-	-	42,555
Unrestricted intergovernmental	2,013,506	-	-	2,013,506
Restricted intergovernmental	507,625	-	-	507,625
Permits and fees	180,042	-	-	180,042
Investment earnings	37,111	-	-	37,111
Sales and services	18,101	-	-	18,101
Miscellaneous	151,590	-	-	151,590
Total revenues	<u>6,768,315</u>	<u>-</u>	<u>-</u>	<u>6,768,315</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,088,485	-	-	1,088,485
Public safety	2,083,637	-	-	2,083,637
Transportation	253,519	97,620	-	351,139
Environmental protection	885,217	-	-	885,217
Economic and physical development	348,067	-	-	348,067
Cultural and recreational	424,237	-	152,789	577,026
Capital Outlay				
General government	17,260	-	-	17,260
Public safety	202,206	-	-	202,206
Transportation	611,674	-	-	611,674
Total expenditures	<u>5,914,302</u>	<u>97,620</u>	<u>152,789</u>	<u>6,164,711</u>
Excess (deficiency) of revenues over expenditures	<u>854,013</u>	<u>(97,620)</u>	<u>(152,789)</u>	<u>603,604</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to/from other funds	(207,541)	54,752	152,789	-
Total other financing sources (uses)	<u>(207,541)</u>	<u>54,752</u>	<u>152,789</u>	<u>-</u>
Net change in fund balance	646,472	(42,868)	-	603,604
Fund balances, beginning	9,435,636	-	-	9,435,636
Fund balances, ending	<u>\$ 10,082,108</u>	<u>\$ (42,868)</u>	<u>\$ -</u>	<u>\$ 10,039,240</u>

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

**Town of Stallings**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2017**

**Exhibit 6**

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

Net changes in fund balances - total governmental funds	\$	603,604
<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	\$	1,017,831
Contributed capital - non-cash additions		1,133,332
Disposals, net book value		(9,242)
Depreciation expense for governmental assets		(3,340,529)
		(1,198,608)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		159,297
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		10,497
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		2,361
Change in unavailable revenue for tax revenues		(594)
		1,767
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		13,142
Pension expense		(219,134)
		(205,992)
Total changes in net position of governmental activities	\$	(629,435)

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, 2017**

**Exhibit 7**

	<b>General Fund</b>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
Ad valorem taxes	\$ 3,687,500	\$ 3,687,500	\$ 3,817,785	\$ 130,285
Unrestricted intergovernmental	1,793,000	1,793,000	2,013,506	220,506
Restricted intergovernmental	429,000	453,700	507,625	53,925
Other taxes and licenses	20,000	20,000	42,555	22,555
Permits and fees	153,500	153,500	180,042	26,542
Investment earnings	10,000	10,000	37,111	27,111
Sales and services	13,000	13,000	18,101	5,101
Miscellaneous	-	-	151,590	151,590
Total revenues	<u>6,106,000</u>	<u>6,130,700</u>	<u>6,768,315</u>	<u>637,615</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,043,900	1,105,800	1,105,745	55
Public safety	2,254,750	2,297,750	2,285,843	11,907
Transportation	997,200	997,200	865,193	132,007
Economic and physical development	318,200	350,700	348,067	2,633
Environmental protection	890,000	890,000	885,217	4,783
Cultural and recreational	434,520	456,780	424,237	32,543
Contingency	167,430	32,470	-	32,470
Total expenditures	<u>6,106,000</u>	<u>6,130,700</u>	<u>5,914,302</u>	<u>216,398</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>854,013</u>	<u>854,013</u>
<b>Other financing sources (uses):</b>				
Transfers to other funds	<u>(1,266,000)</u>	<u>(1,266,000)</u>	<u>(207,541)</u>	<u>1,058,459</u>
Total other financing sources (uses)	<u>(1,266,000)</u>	<u>(1,266,000)</u>	<u>(207,541)</u>	<u>1,058,459</u>
Fund balance appropriated	<u>1,266,000</u>	<u>1,266,000</u>	<u>-</u>	<u>(1,266,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>646,472</u>	<u>\$ 646,472</u>
Fund balances, beginning			<u>9,435,636</u>	
Fund balances, ending			<u>\$ 10,082,108</u>	

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

**Town of Stallings  
Statement of Fund Net Position  
Proprietary Fund  
June 30, 2017**

**Exhibit 8**

	<b>Major Enterprise Fund</b>	
	<b>Storm Water Fund</b>	<b>Total</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 874,392	\$ 874,392
Fees receivable	9,749	9,749
Total current assets	884,141	884,141
Noncurrent assets:		
Capital assets:		
Capital assets, net of depreciation	63,680	63,680
Capital assets	63,680	63,680
Total noncurrent assets	63,680	63,680
Total assets	\$ 947,821	\$ 947,821
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	2,000	\$ 2,000
Unearned revenue	723	723
Total current liabilities	2,723	2,723
Total liabilities	2,723	2,723
<b>NET POSITION</b>		
Net investment in capital assets	63,680	63,680
Unrestricted	881,418	881,418
Total net position	\$ 945,098	\$ 945,098

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, 2017**

**Exhibit 9**

	<b>Major Enterprise Fund</b>	
	<b>Storm Water Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>		
Storm water fees and interest	\$ 488,516	\$ 488,516
Total operating revenues	488,516	488,516
<b>OPERATING EXPENSES</b>		
Salaries and employee benefits	83,760	83,760
Repairs and maintenance	148,115	148,115
Engineering	5,955	5,955
Miscellaneous expenses	3,740	3,740
Depreciation	1,678	1,678
Total operating expenses	243,248	243,248
<b>Operating income (loss)</b>	245,268	245,268
<b>Change in net position</b>	245,268	245,268
<b>Total net position, beginning</b>	699,830	699,830
<b>Total net position, ending</b>	\$ 945,098	\$ 945,098

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, 2017**

**Exhibit 10**

	<b>Major Enterprise Fund</b>	
	<b>Storm Water Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 484,088	\$ 484,088
Cash paid for goods and services	(188,697)	(188,697)
Cash paid to or on behalf of employees for services	(83,760)	(83,760)
Net cash provided (used) by operating activities	211,631	211,631
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Decrease in due to General Fund	(37,257)	(37,257)
Total cash flows from non-capital financing activities	(37,257)	(37,257)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(65,358)	(65,358)
Net cash used by capital and related financing activities	(65,358)	(65,358)
Net increase (decrease) in cash and cash equivalents	109,016	109,016
Balances, beginning	765,376	765,376
Balances, ending	\$ 874,392	\$ 874,392
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 245,268	\$ 245,268
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,678	1,678
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(4,428)	(4,428)
Increase (decrease) in accounts payable	(30,887)	(30,887)
Increase (decrease) in unearned revenue	-	-
Total adjustments	(33,637)	(33,637)
Net cash provided by operating activities	\$ 211,631	\$ 211,631

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

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## **Notes to Financial Statements**

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**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Stallings conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

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

**B. Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole by fees charged to external parties.

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

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

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

The Town reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, sanitation services, and general governmental services.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

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

The Town reports the following non-major governmental funds:

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

The Town reports the following major enterprise funds:

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are fees received from citizens for storm water services. Operating expenses for the enterprise fund include maintenance, repair, and engineering costs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

The Town considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Stallings Municipal Park Capital Project Fund and the Potter/Pleasant Plains Intersection Improvement Capital Project Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the Town Council, and the Council must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

**1. Deposits and Investments**

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT - Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT - Term Portfolio's securities are valued 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. Therefore, all cash and investments are essentially demand deposits and are considered 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	\$ 313,445
Drug forfeiture	304,803
Escrow deposits	<u>7,984</u>
Total Restricted Cash	<u><u>626,232</u></u>

**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2016.

**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. No allowance for doubtful accounts was required as of June 30, 2017.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

**6. 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 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are recorded at cost or estimated historical cost.

The Town elected not to adopt retroactive capitalization of general infrastructure assets acquired prior to July 1, 2003, pursuant to GASB 34. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

**7. 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 position 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 2017 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 position 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.

**8. 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.

**9. Compensated Absences**

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

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

10. 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 – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

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.

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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.

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 30% of budgeted expenditures. Any portion of the general fund balance in excess of 30% 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.

**11. Defined Benefit Cost-Sharing Plans**

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

**12. 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.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

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

1. Noncompliance with North Carolina General Statutes

None

2. Contractual Violations

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.

At June 30, 2017, the Town's deposits had a carrying amount of \$5,825,218 and a bank balance of \$6,086,048. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2017, the Town's petty cash fund totaled \$400.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

**2. Investments**

At June 30, 2017, the Town had \$5,019,179 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

**3. Capital Assets**

Capital asset activity for the Primary Government for the year ended June 30, 2017 was as follows:

	July 1, 2016	Additions	Retirements	June 30, 2017
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 791,342	\$ 166,989	\$ -	\$ 958,331
Construction in Progress	585,993	97,620	130,000	553,613
Total capital assets not being depreciated	<u>1,377,335</u>	<u>264,609</u>	<u>130,000</u>	<u>1,511,944</u>
<b>Capital assets being depreciated:</b>				
Buildings and improvements	1,797,870	-	-	1,797,870
Land improvements	2,993,530	-	-	2,993,530
Equipment	218,659	46,369	-	265,028
Computers and software	206,150	-	10,721	195,429
Vehicles	721,691	173,097	116,006	778,782
Infrastructure	29,240,788	1,797,089	-	31,037,877
Total capital assets being depreciated	<u>35,178,688</u>	<u>2,016,555</u>	<u>126,727</u>	<u>37,068,516</u>
<b>Less accumulated depreciation:</b>				
Buildings and improvements	531,053	47,676	-	578,729
Land improvements	787,028	195,429	-	982,457
Equipment	124,919	23,216	-	148,135
Computers and software	143,762	14,744	1,479	157,027
Vehicles	489,608	110,875	116,006	484,477
Infrastructure	15,787,019	2,948,589	-	18,735,608
Total accumulated depreciation	<u>17,863,389</u>	<u>\$ 3,340,529</u>	<u>\$ 117,485</u>	<u>21,086,433</u>
Total capital assets being depreciated, net	<u>17,315,299</u>			<u>15,982,083</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 18,692,634</u>			<u>\$ 17,494,027</u>

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

Transportation	\$ 2,948,590
Cultural and recreational	203,184
Public safety	125,850
General government	<u>62,905</u>
Total depreciation expense	<u>\$ 3,340,529</u>

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

	July 1, 2016	Additions	Retirements	June 30, 2017
<b>Business-type activities:</b>				
<b><i>Storm Water Fund</i></b>				
<b>Capital assets being depreciated:</b>				
Infrastructure	\$ -	\$ 65,358	\$ -	\$ 65,358
Total capital assets being depreciated	-	65,358	-	65,358
<b>Less accumulated depreciation:</b>				
Infrastructure	-	1,678	-	1,678
Total accumulated depreciation	-	\$ 1,678	-	1,678
Total capital assets being depreciated, net	-			63,680
<b>Business-type capital assets, net</b>	<b>\$ -</b>			<b>\$ 63,680</b>

**Construction Commitments**

The Town has active construction projects as of June 30, 2017. At year-end, the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Potter/Pleasant Plains Improvement	\$ 422,919	\$ 1,577,081

**B. Liabilities**

**1. Accounts Payable – Disaggregate Information**

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General	\$ 110,603	\$ 49,510	\$ 160,113
Other governmental	42,868	-	42,868
Total governmental activities	<u>\$ 153,471</u>	<u>\$ 49,510</u>	<u>\$ 202,981</u>
<b>Business-type Activities:</b>			
Storm Water	\$ 2,000	\$ -	\$ 2,000
Total business-type activities	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Stallings employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

year ended June 30, 2017 was 7.97% of compensation for law enforcement officers and 7.52% 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 \$159,297 for the year ended June 30, 2017.

*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, 2017, the Town reported a liability of \$653,679 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The Town’s proportion of the net pension asset 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, 2016, the Town’s proportion was 0.0308%, which was a decrease of 0.00101% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Town recognized pension expense of \$175,202. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 12,282	\$ 22,906
Changes of assumptions	44,771	-
Net difference between projected and actual earnings on pension plan investments	361,402	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	2,239	11,106
Town contributions subsequent to the measurement date	159,297	-
Total	\$ 579,991	\$ 34,012

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

\$159,297 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 57,184
2019	57,250
2020	170,174
2021	102,074
2022	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2016 are summarized in the following table:

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. 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 asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.25 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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 1,551,486	\$ 653,679	\$ (96,236)

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**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.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not receiving benefits	0
Active plan members	<u>25</u>
Total	<u>26</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.

2. *Actuarial Assumptions*

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 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, 2016.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

*3. 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 \$19,866 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, 2017, the Town reported a total pension liability of \$523,764. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the Town recognized pension expense of \$43,932.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	8,792
Town benefit payments and plan administrative expense made subsequent to the measurement date	10,497	-
Total	\$ 10,497	\$ 8,792

\$10,497 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ (1,665)
2019	(1,665)
2020	(1,665)
2021	(1,665)
2022	(1,665)
Thereafter	(467)

\$10,497 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

*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 3.86 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 (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total pension liability	\$ 560,876	\$ 523,764	\$ 489,569

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

	2017
Beginning balance	508,487
Service cost	27,802
Interest on the total pension liability	17,798
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(10,457)
Benefit payments	(19,866)
Other changes	-
Ending balance of the total pension liability	523,764

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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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, 2017**

**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, 2017 were \$69,112, which consisted of \$46,197 from the Town and \$22,915 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, 2017 were \$71,994, which consisted of \$34,282 from the Town and \$37,712 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. The Town considers these contributions to be immaterial.

For the fiscal year ended June 30, 2017, the Town made contributions to the State for death benefits of \$4,180. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.27% and 0.14% of covered payroll, respectively.

The Town also provides a death benefit through UnitedHealthcare. If an employee dies during active service, the beneficiaries of the employee will receive a lump sum of \$15,000.

*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	\$	159,297
Benefit payments made and administrative expenses for LEOSSA		10,497
Differences between expected and actual experience		12,282
Changes of assumptions		44,771
Net difference between projected and actual		361,402
Changes in proportion and differences between employer contributions and proportionate share of contributions		2,239
Total		<u>590,488</u>

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**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)	\$ 674	\$ 674
Taxes receivable, less penalties (General Fund)	-	45,052
Changes in assumptions	8,792	-
Differences between expected and actual experience	22,906	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,106	-
Total	<u>\$ 43,478</u>	<u>\$ 45,726</u>

*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	\$3,000,000 aggregate	\$1,000,000 each occurrence
Excess Liability	\$2,000,000	\$1,000,000 each occurrence
Public Entity Management Liability	\$2,000,000	\$1,000,000 each act
Law Enforcement Liability	\$2,000,000	\$1,000,000 each act
Employment Practice Liability	\$2,000,000	\$1,000,000 each act
Business Auto	\$1,000,000	
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 insurance with a coverage amount of \$2,000,000 with a \$50,000 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 \$50,000. The Town carries commercial crime coverage for other financial risks. For example, the remaining employees that have access to funds are covered to a \$50,000 limit.

*8. Claims, Judgments and Contingent Liabilities*

At June 30, 2017, the Town was a defendant in 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, 2017**

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

*9. Long-Term Obligations*

a. 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:					
Compensated absences	\$ 158,894	\$ 145,751	\$ 158,894	\$ 145,751	\$ 145,751
Net pension liability (LGERS)	142,761	510,918	-	653,679	-
Total pension liability (LEO)	<u>243,427</u>	<u>280,337</u>	<u>-</u>	<u>523,764</u>	<u>-</u>
 Total long-term liabilities	 \$ <u>545,082</u>	 \$ <u>937,006</u>	 \$ <u>158,894</u>	 \$ <u>1,323,194</u>	 \$ <u>145,751</u>

b. Interfund Balance and Activity

Balances due to/from other funds at June 30, 2017 consist of the following:

Due to (from) General Fund:

Storm Water Fund \$ -

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers to/from other funds at June 30, 2017 consist of the following:

From the General Fund to the Potter/Pleasant Plains Capital Project Fund for right-of-way acquisition services	\$ 54,752
From the General Fund to the Stallings Municipal Park Capital Project Fund for the purchase of property adjacent to the park	<u>152,789</u>
Total	<u>\$ 207,541</u>

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

**D. Fund Balance**

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

<u>Total Fund Balance - General Fund</u>	<u>\$ 10,082,108</u>
Less:	
Parks and Recreation	330,043
Stabilization by State Statute	667,933
Streets - Powell Bill	313,445
Drug Forfeiture Fund	304,803
Subsequent Year Expenditures	1,000,000
Minimum Fund Balance Policy	<u>2,249,400</u>
Remaining Fund Balance	<u>\$ 5,216,484</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 30% of budgeted expenditures. Any portion of the General Fund balance in excess of 30% 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, 2017, the Town had the following encumbrances:

Governmental Activities:	
General Fund	\$ 387,482
Potter/Pleasant Plains Capital Project Fund	103,537
Total governmental activities	<u>\$ 491,019</u>
Business-Type Activities:	
Storm Water Fund	<u>\$ 12,100</u>
Total business-type activities	<u>\$ 12,100</u>

**E. Summary Disclosure of Commitments**

The Town of Stallings entered into a contract for the curbside pick-up and disposal of rubbish, yard waste and recyclable materials, and the use of a sanitary landfill. The contract commenced on July 1, 2011 and was originally scheduled to end June 30, 2016. In July 2013, the Town extended the contract to an expiration date of June 30, 2018.

The Town entered into a contract for the support and service of all Town printing, scanning, and document management equipment. The contract commenced on January 30, 2015 and has an expiration date of January 30, 2020.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

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

**F. Summary Disclosure of Significant Contingencies**

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

**G. Significant Effects of Subsequent Events**

Management has evaluated subsequent events through October 13, 2017, the date the financial statements were made available to be issued.

On August 24, 2017, Town Council held a Special Meeting to discuss capital projects for fiscal year ending June 30, 2018. At this meeting, Council approved the construction of a new 2,700 square foot public works building with an estimated cost of \$644,000, the demolition of the existing Civic Building, and the new construction of a Government House/Civic Building costing approximately \$2.2 million. The Council is planning on using a combination of unrestricted fund balance as well as working with commercial banks for financing options. Construction is estimated to begin at the end of next fiscal year.

**H. Change in Accounting Principles/Restatement**

The Town implemented Governmental Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the Town to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the Town to the Law Enforcement Officers' Special Separation Allowance during the measurement period (fiscal year ending December 31, 2017). As a result, net position for the governmental activities decreased by \$245,196.

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## **Required Supplemental Financial Data**

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

- Schedule of the Proportionate Share of the Net Pension Liability (Asset) – Local Government Employees’ Retirement System
- Schedule of Contributions – 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 Four Fiscal Years**  
**From Inception and For the Fiscal Year Ended June 30, 2017**

**Local Government Employees' Retirement System**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Stallings' proportion of the net pension liability (asset) (%)	0.0308%	0.0318%	0.0309%	0.0306%
Stallings' proportion of the net pension liability (asset) (\$)	\$ 653,679	\$ 142,761	\$ (180,285)	\$ 372,464
Stallings' covered payroll	\$ 2,055,502	\$ 1,800,336	\$ 1,692,841	\$ 1,625,913
Stallings' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	31.80%	7.93%	-10.65%	22.91%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%	94.35%

This schedule will not present ten years' worth of fiscal information until 2024.

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

**Local Government Employees' Retirement System**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 159,297	\$ 126,958	\$ 124,306	\$ 116,602
Contributions in relation to the contractually required contribution	<u>159,297</u>	<u>126,958</u>	<u>124,306</u>	<u>116,602</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Stallings' covered payroll	\$ 2,055,502	\$ 1,800,336	\$ 1,692,841	\$ 1,625,913
Contributions as a percentage of covered payroll	7.75%	7.05%	7.34%	7.17%

This schedule will not present ten years' worth of fiscal information until 2024.

**Town of Stallings**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2017**

	2017
Beginning balance	\$ 508,487
Service cost	27,802
Interest on the total pension liability	17,798
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(10,457)
Benefit payments	(19,866)
Other changes	-
Ending balance of the total pension liability	\$ 523,764

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

**Town of Stallings**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2017**

	2017
Total pension liability	\$ 523,764
Covered payroll	1,191,875
Total pension liability as a percentage of covered payroll	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.

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## **Individual Fund Statements and Schedules**

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**Town of Stallings**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2017**

**Schedule 1**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes	\$ 3,675,000	\$ 3,810,424	
Penalties and interest	12,500	7,361	
Total	<u>3,687,500</u>	<u>3,817,785</u>	<u>\$ 130,285</u>
Other taxes and licenses:			
Gross receipts tax - vehicle rental	20,000	42,555	
Total	<u>20,000</u>	<u>42,555</u>	<u>22,555</u>
Unrestricted intergovernmental:			
Local option sales tax	1,000,000	1,134,617	
Utilities sales tax	725,000	808,770	
Beer and wine tax	68,000	70,119	
Total	<u>1,793,000</u>	<u>2,013,506</u>	<u>220,506</u>
Restricted intergovernmental:			
Powell Bill allocation	400,000	457,329	
Solid waste disposal tax	9,000	10,407	
Police - drug forfeiture funds	-	15,220	
Governor's Crime Commission Grant	44,700	24,669	
Total	<u>453,700</u>	<u>507,625</u>	<u>53,925</u>
Permits and fees:			
Zoning fees	65,000	62,855	
Fees in Lieu of Park Land	85,000	106,780	
Public safety fees	3,500	10,407	
Total	<u>153,500</u>	<u>180,042</u>	<u>26,542</u>
Sales and services:			
Rent	10,000	13,103	
Festival sales	3,000	4,998	
Total	<u>13,000</u>	<u>18,101</u>	<u>5,101</u>
Investment earnings	<u>10,000</u>	<u>37,111</u>	<u>27,111</u>
Miscellaneous:			
Park fees and contributions	-	662	
Miscellaneous revenues	-	150,928	
Total	<u>-</u>	<u>151,590</u>	<u>151,590</u>
Total revenues	<u>6,130,700</u>	<u>6,768,315</u>	<u>637,615</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 Balances**  
**Budget and Actual - General Fund (Continued)**  
**For the Fiscal Year Ended June 30, 2017**

**Schedule 1**  
**cont**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
General government:			
Governing body:			
Salaries - elected officials		39,400	
Administration:			
Salaries and employee benefits		590,763	
Operating expenditures		323,130	
Capital outlay		17,260	
Contracted services		135,192	
Total	<u>1,105,800</u>	<u>1,105,745</u>	<u>55</u>
Public safety:			
Police:			
Salaries and employee benefits		1,745,785	
Operating expenditures		328,590	
Contracted services		9,262	
Capital outlay		202,206	
Total	<u>2,297,750</u>	<u>2,285,843</u>	<u>11,907</u>
Transportation:			
Streets and highways:			
Salaries and employee benefits		85,801	
Operating expenditures		124,228	
Contracted services		43,490	
Capital outlay		611,674	
Total	<u>997,200</u>	<u>865,193</u>	<u>132,007</u>
Environmental protection:			
Contracted services	<u>890,000</u>	<u>885,217</u>	<u>4,783</u>
Economic and physical development:			
Salaries and employee benefits		158,345	
Operating expenditures		16,541	
Contracted services		173,181	
Total	<u>350,700</u>	<u>348,067</u>	<u>2,633</u>
Cultural and recreational:			
Salaries and employee benefits		223,636	
Operating expenditures		200,601	
Capital outlay		-	
Total	<u>456,780</u>	<u>424,237</u>	<u>32,543</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 Balances**  
**Budget and Actual - General Fund (Continued)**  
**For the Fiscal Year Ended June 30, 2017**

**Schedule 1**  
**cont**

	Budget	Actual	Variance Positive (Negative)
Contingency	32,470	-	
Total	32,470	-	32,470
Total expenditures	6,130,700	5,914,302	216,398
Revenues over (under) expenditures	-	854,013	854,013
<b>Other financing sources (uses):</b>			
Transfer from General Fund	(1,266,000)	(207,541)	1,058,459
Total	(1,266,000)	(207,541)	1,058,459
Fund balance appropriated	1,266,000	-	(1,266,000)
Net change in fund balance	\$ -	646,472	\$ 646,472
Fund balances, beginning		9,435,636	
Fund balances, ending		\$ 10,082,108	

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

**Town of Stallings  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017**

**Schedule 2**

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

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

**Town of Stallings** **Schedule 3**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2017**

	<b>Stallings Municipal Park Capital Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>		
Contributions	\$ -	\$ -
Restricted intergovernmental	-	-
Total revenues	-	-
<b>EXPENDITURES</b>		
Cultural and recreational	152,789	152,789
Total expenditures	152,789	152,789
Revenue over (under) expenditures	(152,789)	(152,789)
Other financing sources:		
Transfer from General Fund	152,789	152,789
Total other financing sources	152,789	152,789
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**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2017**

**Schedule 4**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
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	3,163,336	2,850,902	152,789	3,003,691	159,645
Total Expenditures	<u>3,163,336</u>	<u>2,850,902</u>	<u>152,789</u>	<u>3,003,691</u>	<u>159,645</u>
Revenues over (under) expenditures	<u>(3,025,336)</u>	<u>(2,847,152)</u>	<u>(152,789)</u>	<u>(2,999,941)</u>	<u>25,395</u>
Other financing sources:					
Transfer from General Fund	3,025,336	2,847,152	152,789	2,999,941	(25,395)
Total other financing sources	<u>3,025,336</u>	<u>2,847,152</u>	<u>152,789</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			-		
End of year, June 30			<u>\$ -</u>		

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

**Town of Stallings**  
**Potter/Pleasant Plains Intersection Improvement - Capital Project Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2017**

**Schedule 5**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
NC DOT Spot Safety Grant	\$ 829,000	\$ -	\$ -	\$ -	\$ (829,000)
Union County	300,000	-	-	-	(300,000)
Total Revenues	<u>1,129,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,129,000)</u>
<b>Expenditures:</b>					
Transportation	2,000,000	325,299	97,620	422,919	1,577,081
Total Expenditures	<u>2,000,000</u>	<u>325,299</u>	<u>97,620</u>	<u>422,919</u>	<u>1,577,081</u>
Revenues over (under) expenditures	<u>(871,000)</u>	<u>(325,299)</u>	<u>(97,620)</u>	<u>(422,919)</u>	<u>448,081</u>
<b>Other financing sources:</b>					
Transfer from General Fund	871,000	325,299	54,752	380,051	(490,949)
Total other financing sources	<u>871,000</u>	<u>325,299</u>	<u>54,752</u>	<u>380,051</u>	<u>(490,949)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(42,868)</u>	<u>\$ (42,868)</u>	<u>\$ (42,868)</u>
<b>Total fund balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ (42,868)</u>		

**Town of Stallings**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP) - Storm Water Fund**  
**For the Fiscal Year Ended June 30, 2017**

**Schedule 6**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Residential and commercial fees		\$ 488,516	
Total revenues	\$ 470,000	488,516	\$ 18,516
Expenditures:			
Salaries and employee benefits		83,760	
Professional fees		5,955	
Other operating expenditures		151,855	
Capital Outlay		65,358	
Total expenditures	470,000	306,928	163,072
Revenues over (under) expenditures	-	181,588	181,588
Fund balance appropriated	-	-	-
Expenditures over revenues	\$ -	181,588	\$ 181,588
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		65,358	
Depreciation		(1,678)	
Change in net position		\$ 245,268	

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

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## **Other Schedules**

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**Town of Stallings**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2017**

**Schedule 7**

Fiscal Year	Uncollected Balance June 30, 2016	Additions	Collections And Credits	Uncollected Balance June 30, 2017
2016-2017	\$ -	\$ 3,817,650	\$ 3,805,186	\$ 12,464
2015-2016	15,140	-	10,617	4,523
2014-2015	4,022	-	249	3,773
2013-2014	3,753	-	1,176	2,577
2012-2013	1,908	-	810	1,098
2011-2012	705	-	182	523
2010-2011	938	-	-	938
2009-2010	606	-	-	606
2008-2009	18,233	-	-	18,233
2007-2008	317	-	-	317
2006-2007	23	-	23	-
	<u>\$ 45,645</u>	<u>\$ 3,817,650</u>	<u>\$ 3,818,243</u>	<u>\$ 45,052</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 3,817,785
Amounts written off per Statute of Limitations	23
Refunds, releases of prior years' taxes	1,800
Interest and penalties collected	(7,361)
Adjustments	<u>5,996</u>
Total collections and credits	<u>\$ 3,818,243</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, 2017**

**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	\$ 1,575,288,351	\$ 0.215	\$ 3,412,873	\$ 3,412,873	\$ -
Registered motor vehicles taxed at prior year's rate	<u>180,987,359</u>	0.215	<u>399,626</u>	-	<u>399,626</u>
Total	<u>1,756,275,710</u>		<u>3,812,499</u>	<u>3,412,873</u>	<u>399,626</u>
Discoveries	6,570,716	0.215	14,127	14,127	-
Releases	<u>(4,174,772)</u>	0.215	<u>(8,976)</u>	<u>(8,976)</u>	
Total property valuation	<u><u>\$ 1,758,671,654</u></u>				
Net levy			<u>3,817,650</u>	<u>3,418,024</u>	<u>399,626</u>
Uncollected taxes at June 30, 2017			<u>(12,464)</u>	<u>(11,358)</u>	<u>(1,106)</u>
Current year's taxes collected			<u>\$ 3,805,186</u>	<u>\$ 3,406,666</u>	<u>\$ 398,520</u>
Current levy collection percentage			<u>99.67%</u>	<u>99.67%</u>	<u>99.72%</u>

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

# TOWN OF STALLINGS, NORTH CAROLINA

## STATISTICAL SECTION

This part of the Government's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Pages</b>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	61-65
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property taxes.	66-69
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	70-73
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	74-75
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	76-78



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## Financial Trends

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**TOWN OF STALLINGS, NORTH CAROLINA**  
**Net Position By Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Primary government										
Governmental Activities										
Net investment in capital assets	\$ 2,994,849	\$ 11,230,653	\$ 11,235,157	\$ 22,711,108	\$ 23,143,705	\$ 21,382,155	\$ 19,006,919	\$ 20,423,290	\$ 18,692,634	\$ 17,494,027
Restricted	715,551	607,519	-	560,270	544,028	399,027	649,079	635,132	931,408	1,286,181
Unrestricted	<u>5,514,173</u>	<u>6,121,014</u>	<u>6,382,005</u>	<u>6,550,545</u>	<u>4,958,937</u>	<u>5,511,994</u>	<u>6,598,559</u>	<u>7,529,109</u>	<u>8,072,675</u>	<u>8,041,878</u>
Total Net Position	9,224,573	17,959,186	17,617,162	29,821,923	28,646,670	27,293,176	26,254,557	28,587,531	27,696,717	26,822,086
Business-type Activities										
Net investment in capital assets	-	-	-	-	-	-	-	-	-	63,680
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>219,776</u>	<u>322,094</u>	<u>153,038</u>	<u>299,734</u>	<u>322,191</u>	<u>393,880</u>	<u>299,429</u>	<u>606,727</u>	<u>699,830</u>	<u>881,418</u>
Total Net Position	219,776	322,094	153,038	299,734	322,191	393,880	299,429	606,727	699,830	945,098
 Total primary government net position	 <u>\$ 9,444,349</u>	 <u>\$ 18,281,280</u>	 <u>\$ 17,770,200</u>	 <u>\$ 30,121,657</u>	 <u>\$ 28,968,861</u>	 <u>\$ 27,687,056</u>	 <u>\$ 26,553,986</u>	 <u>\$ 29,194,258</u>	 <u>\$ 28,396,547</u>	 <u>\$ 27,767,184</u>

**TOWN OF STALLINGS, NORTH CAROLINA**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 994,090	\$ 896,573	\$ 970,323	\$ 923,909	\$ 934,876	\$ 424,898	\$ 952,887	\$ 977,476	\$ 1,089,163	\$ 1,167,904
Public safety	1,744,131	1,913,001	1,940,871	1,791,967	1,787,983	2,001,411	1,886,133	1,859,414	2,046,085	2,234,108
Economic and physical development	255,949	236,659	210,325	253,791	225,086	219,862	227,831	139,329	195,538	352,857
Environmental protection	912,023	997,212	998,198	1,010,447	808,458	832,879	859,831	903,601	912,934	885,217
Cultural and recreation	68,918	96,811	140,266	138,438	120,499	776,752	509,513	479,700	564,240	624,931
Transportation	179,829	352,900	1,204,617	2,317,123	2,774,386	2,954,697	2,836,426	2,696,181	3,160,071	3,204,115
Interest on long term debt	-	42,452	38,937	36,066	23,123	1,218	-	-	-	-
<b>Business-type activities:</b>										
Stormwater	39,427	113,243	392,876	81,008	212,827	164,700	331,544	167,320	388,383	243,248
Total primary government expenses	<u>4,194,367</u>	<u>4,648,851</u>	<u>5,896,413</u>	<u>6,552,749</u>	<u>6,887,238</u>	<u>\$ 7,376,417</u>	<u>\$ 7,604,165</u>	<u>\$ 7,223,021</u>	<u>\$ 8,356,414</u>	<u>\$ 8,712,380</u>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<i>Charges for services:</i>										
General government	21,252	1,625	-	-	-	-	1,200	1,100	800	-
Public safety	-	4,403	5,037	3,217	6,561	8,693	6,515	5,429	6,219	3,345
Economic and physical development	187,142	21,288	19,114	13,541	21,508	31,499	41,820	82,049	96,409	62,855
Environmental protection	-	-	-	-	1,003	-	-	-	-	-
Cultural and recreation	4,950	-	4,111	2,505	-	17,634	151,872	75,390	62,066	124,881
<b>Business-type activities:</b>										
Stormwater	259,043	214,101	223,549	227,489	235,087	236,244	236,949	474,505	481,394	488,516
<b>Operating grants and contributions:</b>										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	48,661	-	25,520	2,473	973	63,962	156,468	29,827	505,762	39,889
Economic and physical development	-	-	-	-	9,009	8,012	-	-	-	-
Environmental protection	-	-	-	-	-	-	8,086	8,068	11,994	10,407
Cultural and recreation	19,239	-	-	-	-	-	-	-	-	-
Transportation	356,859	-	-	-	347,052	360,731	368,285	375,211	558,002	393,611
Interest on long term debt	-	-	-	294,922	-	-	-	-	-	-
<b>Capital grants and contributions:</b>										
General government	563,147	-	-	-	-	-	-	-	-	-
Cultural and recreation	-	5,094	-	-	-	3,750	-	-	-	14,200
Public works	-	23,562	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	6,200	46,701	-	-
Transportation	-	8,304,534	292,559	-	-	94,919	35,774	3,371,018	-	1,119,132
Total governmental activities program revenues	<u>1,460,293</u>	<u>8,574,607</u>	<u>569,890</u>	<u>544,147</u>	<u>621,193</u>	<u>825,444</u>	<u>1,013,169</u>	<u>4,469,298</u>	<u>1,722,646</u>	<u>2,256,836</u>
<b>Net (expense)/revenue</b>										
Total governmental activities net (expense)/revenue	<u>(2,734,074)</u>	<u>3,925,756</u>	<u>(5,326,523)</u>	<u>(6,008,602)</u>	<u>(6,266,045)</u>	<u>(6,550,973)</u>	<u>(6,590,996)</u>	<u>(2,753,723)</u>	<u>(6,633,768)</u>	<u>(6,455,544)</u>

**TOWN OF STALLINGS, NORTH CAROLINA**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
<i>Taxes:</i>										
Property taxes	3,062,258	3,416,810	3,374,941	3,452,532	3,504,671	3,534,525	3,677,957	3,697,772	3,705,616	3,819,553
Motor vehicle taxes	303,498	-	-	-	-	-	-	-	-	-
Other taxes and licenses	1,573,984	1,454,018	1,402,629	1,512,423	1,609,637	1,673,985	1,734,024	1,912,084	2,016,977	2,056,061
Unrestricted intergovernmental revenues	-	-	-	-	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	13,298,648	-	-	-	-	-	-
Unrestricted investment earnings	190,450	113,196	26,689	22,126	13,269	10,320	8,587	7,348	15,849	35,226
Restricted investment earnings	27,086	15,677	1,595	907	1,611	450	41	122	1,541	1,885
Miscellaneous	101,217	21,496	9,589	73,423	12,036	47,571	37,317	36,629	35,824	151,590
Gain / Loss on sale of capital assets	-	(110,012)	-	-	(27,975)	2,317	-	(4,100)	60,250	7,062
Total governmental activities general revenues	<u>5,258,493</u>	<u>4,911,185</u>	<u>4,815,443</u>	<u>18,360,059</u>	<u>5,113,249</u>	<u>5,269,168</u>	<u>5,457,926</u>	<u>5,649,855</u>	<u>5,836,057</u>	<u>6,071,377</u>
<b>Change in Net Position</b>										
Governmental activities	2,304,653	8,734,613	(342,024)	12,204,761	(1,175,253)	(1,353,494)	(1,038,619)	2,588,834	(890,814)	(629,435)
Business-type activities	219,766	102,328	(169,056)	146,696	22,457	71,689	(94,451)	307,298	93,103	245,268
Net position-beginning	6,919,920	9,444,339	18,281,280	17,770,200	30,121,657	28,968,861	27,687,056	26,553,986	29,194,258	28,396,547
Restatement	-	-	-	-	-	-	-	(255,860)	-	(245,196)
Net position-ending	<u>\$ 9,444,339</u>	<u>\$ 18,281,280</u>	<u>\$ 17,770,200</u>	<u>\$ 30,121,657</u>	<u>\$ 28,968,861</u>	<u>\$ 27,687,056</u>	<u>\$ 26,553,986</u>	<u>\$ 29,194,258</u>	<u>\$ 28,396,547</u>	<u>\$ 27,767,184</u>

**TOWN OF STALLINGS, NORTH CAROLINA**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>General Fund</b>										
<b>Non-spendable</b>										
Prepays	\$ -	\$ -	\$ -	\$ 19,275	\$ 17,624	\$ 196	\$ 754	\$ 135,406	\$ 26,288	\$ -
<b>Restricted</b>										
Stabilization by State Statute	327,829	313,671	248,271	227,547	195,700	228,966	211,796	249,413	285,214	667,933
Streets - Powell Bill	715,551	607,519	-	189,356	348,328	170,061	373,424	320,121	251,888	313,445
Drug Forfeiture	-	-	-	-	-	-	63,859	65,598	394,306	304,803
<b>Committed</b>										
Law Enforcement Separation Allowance	-	74,672	102,995	143,367	144,573	164,203	182,235	212,056	243,427	-
Parks and Recreation	-	-	-	-	-	68,200	122,605	129,881	223,263	330,043
<b>Assigned</b>										
Designated for subsequent year's expenditures	530,100	500,000	-	507,300	494,243	1,239,200	1,615,000	200,000	1,266,000	1,000,000
Minimum fund balance requirement	-	-	-	-	-	-	-	-	2,211,600	2,249,400
<b>Unassigned</b>										
Designated for parks improvements	-	108,253	108,360	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	108,360	-	-	-	-	-	-
Unassigned	<u>4,753,177</u>	<u>5,224,493</u>	<u>4,583,365</u>	<u>4,772,512</u>	<u>4,649,187</u>	<u>4,253,239</u>	<u>4,925,945</u>	<u>7,249,940</u>	<u>4,533,650</u>	<u>5,216,484</u>
Total General Fund	<u>\$ 6,326,657</u>	<u>\$ 6,828,608</u>	<u>\$ 5,042,991</u>	<u>\$ 5,967,717</u>	<u>\$ 5,849,655</u>	<u>\$ 6,124,065</u>	<u>\$ 7,495,618</u>	<u>\$ 8,562,415</u>	<u>\$ 9,435,636</u>	<u>\$ 10,082,108</u>
<b>All Other Governmental Funds</b>										
<b>Reserved for:</b>										
Capital projects	-	-	1,500,000	1,309,281	(165,907)	-	(28,340)	640	-	(42,868)
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>\$ 1,309,281</u>	<u>\$ (165,907)</u>	<u>\$ -</u>	<u>\$ (28,340)</u>	<u>\$ 640</u>	<u>\$ -</u>	<u>\$ (42,868)</u>

**TOWN OF STALLINGS, NORTH CAROLINA**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Revenues</b>										
Ad valorem taxes	\$ 3,367,371	\$ 3,395,939	\$ 3,388,432	\$ 3,448,134	\$ 3,499,611	\$ 3,544,630	\$ 3,672,033	\$ 3,695,103	\$ 3,720,553	\$ 3,817,785
Other taxes and licenses	1,017,318	997,311	797,567	807,645	892,407	934,963	74,281	80,587	38,209	42,555
Unrestricted intergovernmental	549,188	453,297	596,662	696,450	717,230	739,022	1,659,743	1,831,497	1,978,768	2,013,506
Restricted intergovernmental	438,677	329,013	326,479	305,723	357,034	432,705	532,839	459,807	1,075,758	507,625
Permits and fees	58,394	23,651	19,270	22,692	28,069	40,192	179,440	140,191	145,173	180,042
Rental income	4,950	-	-	-	-	-	-	-	-	-
Fees in lieu of park land	-	-	-	-	-	-	-	-	-	-
Sales and services	141,000	1,625	4,111	-	-	-	21,967	23,777	20,321	18,101
Investment earnings	217,386	127,403	28,013	22,818	14,683	10,625	8,484	7,357	17,298	37,111
Miscellaneous	176,624	23,536	14,470	70,904	35,563	71,272	37,317	36,629	96,070	151,590
Total revenues	<u>5,970,908</u>	<u>5,351,775</u>	<u>5,175,004</u>	<u>5,374,366</u>	<u>5,544,597</u>	<u>5,773,409</u>	<u>6,186,104</u>	<u>6,274,948</u>	<u>7,092,150</u>	<u>6,768,315</u>
<b>Expenditures</b>										
General government	722,418	814,229	873,937	850,471	849,474	825,843	907,226	937,940	1,151,216	1,088,485
Public safety	1,499,152	1,586,019	1,796,706	1,637,899	1,698,141	1,892,499	1,776,382	1,795,748	1,841,215	2,083,637
Transportation	179,129	203,329	251,589	345,731	396,646	552,087	639,084	380,415	1,524,683	351,139
Environmental protection	937,240	997,212	998,198	1,010,447	808,458	832,879	859,831	903,601	912,934	885,217
Economic and physical development	262,349	226,253	210,325	253,791	225,086	219,862	227,831	146,378	193,851	348,067
Culture and recreation	61,856	89,411	118,322	306,402	2,187,083	633,693	332,132	477,550	385,890	577,026
<i>Debt service:</i>										
Principal	96,800	195,893	172,776	180,900	821,055	19,958	-	-	-	-
Interest	41,970	42,452	38,937	36,066	23,123	1,218	-	-	-	-
<i>Capital outlay:</i>										
General government	64,504	74,833	-	-	-	-	-	6,600	-	17,260
Public safety	140,594	282,381	83,608	78,599	128,781	83,587	100,405	130,282	209,780	202,206
Transportation	-	457,865	949,199	-	-	271,466	-	395,143	-	611,674
Economic and physical development	-	10,406	-	-	-	-	-	-	-	-
Culture and recreation	56,630	-	50,632	-	-	-	-	5,514	-	-
Total expenditures	<u>4,062,642</u>	<u>4,980,283</u>	<u>5,544,229</u>	<u>4,700,306</u>	<u>7,137,847</u>	<u>5,333,092</u>	<u>4,842,891</u>	<u>5,179,171</u>	<u>6,219,569</u>	<u>6,164,711</u>
Excess of revenues over (under) expenditures	1,908,266	371,492	(369,225)	674,060	(1,593,250)	440,317	1,343,213	1,095,777	872,581	603,604
<b>Other financing sources (uses)</b>										
Debt issued, capitalized leases	35,339	109,612	83,608	59,947	-	-	-	-	-	-
Sale of capital assets	-	20,847	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>35,339</u>	<u>130,459</u>	<u>83,608</u>	<u>59,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,943,605</u>	<u>\$ 501,951</u>	<u>\$ (285,617)</u>	<u>\$ 734,007</u>	<u>\$ (1,593,250)</u>	<u>\$ 440,317</u>	<u>\$ 1,343,213</u>	<u>\$ 1,095,777</u>	<u>\$ 872,581</u>	<u>\$ 603,604</u>
Debt services as a percentage of noncapital expenditures	<u>3.7%</u>	<u>5.2%</u>	<u>3.9%</u>	<u>4.7%</u>	<u>12.0%</u>	<u>0.4%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>



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## **Revenue Capacity**

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**TOWN OF STALLINGS, NORTH CAROLINA**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Companies (2)</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
<i>Combined Union and Mecklenburg County Totals</i>					
2008	1,158,198,571	169,381,886	6,520,849	1,334,101,306	0.2190
2009	1,361,421,091	171,875,330	8,080,946	1,541,377,367	0.2150
2010	1,380,405,576	182,162,929	8,113,821	1,570,682,326	0.2150
2011	1,405,041,901	176,742,817	8,867,905	1,590,652,623	0.2150
2012	1,420,233,443	189,595,684	9,291,869	1,619,120,996	0.2150
2013	1,430,354,526	194,698,238	9,427,663	1,634,480,427	0.2150
2014	1,438,030,285	196,698,346	9,348,114	1,644,076,745	0.2150
2015	1,461,772,631	230,965,801	9,463,114	1,702,201,546	0.2150
2016	1,452,616,040	245,996,742	13,627,783	1,712,240,565	0.2150
2017	1,472,717,521	272,915,725	13,038,408	1,758,671,654	0.2150

**TOWN OF STALLINGS, NORTH CAROLINA**  
**Property Tax Rates**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Mecklenburg County	\$ 0.8387	\$ 0.8387	\$ 0.8387	\$ 0.8387	\$ 0.8166	\$ 0.7922	\$ 0.8157	\$ 0.8157	\$ 0.8157	\$ 0.8157
Union County	\$ 0.7111	\$ 0.6650	\$ 0.6650	\$ 0.6650	\$ 0.6650	\$ 0.6600	\$ 0.6600	\$ 0.7614	\$ 0.7765	\$ 0.7665
Municipality Rates:										
Town of Stallings	0.2190	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150

Source: Tax Association for respective entities (1) Net of bankruptcies  
Rate per \$100.00 of assessed valuation

**TOWN OF STALLINGS, NORTH CAROLINA**  
**Principal Property Taxpayers**  
**Current Year And Ten Years Ago**

Taxpayer	Type of Business	Fiscal Year 2017				Fiscal Year 2008		
		Taxable Assessed		Percentage of Total Taxable Assessed		Taxable Assessed		Percentage of Total Taxable Assessed
		Value	Rank	Value		Value	Rank	Value
Berry Plastics (formerly AEP Industries Inc)	Manufacturer	37,818,069	1	2.15%				
T&C of NC LLC	Automotive Showroom	13,001,800	2	0.74%	-	-	-	-
Idlewild Phase 1 Retail Investors LLC	Retail/Shopping Center	9,905,700	3	0.56%	5,666,020	4	0.42%	
McGee Corporation	Corporate Headquarters	9,015,383	4	0.51%	6,416,530	3	0.48%	
Triangle Prop Assoc LLC Et Al	Retail/Shopping Center	9,000,000	5	0.51%	6,672,420	2	0.50%	
Keywell Metals LLC	Manufacturer	8,947,500	6	0.51%	-	-	-	-
Sovran Acquisition Limited	Storage Facility	4,917,000	7	0.28%	-	-	-	-
CT-Idlewild LLC	Retail/Shopping Center	4,912,800	8	0.28%	-	-	-	-
CEM Limited LLC	Corporate Headquarters	4,616,200	9	0.26%	5,420,730	5	0.41%	
Interchange X LLC	Storage Facility	4,232,700	10	0.24%	3,956,890	7	0.30%	
Wright Ronald D & Wife Toni M	Retail Development	-	-	-	5,139,330	6	0.39%	
Potter Square Associates Ltd	Retail/Shopping Center	-	-	-	3,626,320	8	0.27%	
Mak Corporation of Monroe	Hotel	-	-	-	3,574,510	9	0.27%	
Intown Suites Independence Blvd Inc	Hotel	-	-	-	2,953,350	10	0.22%	
<b>Total</b>		<b>\$ 106,367,152</b>		<b>6.05%</b>	<b>\$ 69,984,980</b>		<b>5.25%</b>	

Source: Union County Office of the Tax Collector  
N.C. Department of Revenue, Property Tax Division, Public Utilities

**TOWN OF STALLINGS, NORTH CAROLINA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Total Levy for Fiscal Year (Original Year)</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Original Levy</b>		<b>Amount</b>	<b>Percentage of Adjusted Levy</b>
2008	3,335,253	3,281,376	98.38%	52,557	3,333,933	99.96%
2009	3,434,692	3,367,109	98.03%	45,091	3,412,200	99.35%
2010	3,376,967	3,344,100	99.03%	32,261	3,376,361	99.98%
2011	3,454,918	3,412,169	98.76%	41,811	3,453,980	99.97%
2012	3,496,478	3,452,016	98.73%	44,139	3,496,155	99.99%
2013	3,535,481	3,503,286	99.09%	31,638	3,534,924	99.98%
2014	3,658,098	3,623,590	99.06%	31,931	3,655,521	99.93%
2015	3,688,886	3,664,902	99.35%	20,211	3,685,113	99.90%
2016	3,698,728	3,683,588	99.59%	10,617	3,694,205	99.88%
2017	3,817,650	3,805,186	99.67%	-	3,805,186	99.67%

Source: Town of Stalling Tax Records and Audited Financial Statements

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## **Debt Capacity**

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**TOWN OF STALLINGS, NORTH CAROLINA**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Estimated Actual Taxable Value of Property (2)</b>	<b>Per Capita (1)</b>	<b>Percentage of Personal Income</b>
2008	-	0.00%	-	-
2009	-	0.00%	-	-
2010	-	0.00%	-	-
2011	-	0.00%	-	-
2012	-	0.00%	-	-
2013	-	0.00%	-	-
2014	-	0.00%	-	-
2015	-	0.00%	-	-
2016	-	0.00%	-	-
2017				

Note: The Town of Stallings has never issued General Obligation Bonds.  
 Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

**TOWN OF STALLINGS, NORTH CAROLINA**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Total Primary Government</u>	<u>Per Capita</u>	<u>Percentage of Per Capita Income</u>
	<u>Capital Leases</u>	<u>Notes Payable/ Installment Purchase</u>			
2008	72,616	1,064,800	1,137,416	92	0.37%
2009	83,135	968,000	1,051,135	85	0.34%
2010	90,767	871,200	961,967	70	0.28%
2011	66,614	774,400	841,014	59	0.24%
2012	19,959	-	19,959	1	0.01%
2013	-	-	-	-	0.00%
2014	-	-	-	-	0.00%
2015	-	-	-	-	0.00%
2016	-	-	-	-	0.00%
2017	-	-	-	-	0.00%

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

**TOWN OF STALLINGS, NORTH CAROLINA**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2017**

<u>Governmental Unit</u>	<u>Debt Outstanding (a)</u>	<u>Estimated Percentage Applicable (b)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<i>Towns:</i>			
Stallings (1)	\$ -	100.00%	\$ -
<i>Counties:</i>			
Union County (2)	358,909,822	7.01%	25,166,408
Mecklenburg County (3)	<u>1,580,624,500</u>	0.03%	<u>448,946</u>
Total direct and overlapping debt	<u>\$ 1,939,534,322</u>		<u>\$ 25,615,354</u>

Sources:

- (1) Audited annual financial reports
- (2) Union County Finance Department
- (3) Mecklenburg County Finance Department

Note:

- (a) Includes governmental activities debt only
- (b) Determined by ratio of assessed value of taxable property in the Town of Stallings (\$1,723,474,088) and Union County (\$24,579,263,896).  
Determined by ratio of assessed value of taxable property in the Town of Stallings (\$35,197,566) and Mecklenburg County (\$123,921,533,449).
- (c) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Name of Government. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**TOWN OF STALLINGS, NORTH CAROLINA**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assessed Value of Property	\$ 1,334,101,306	\$ 1,373,876,800	\$ 1,570,682,326	\$ 1,606,937,321	\$ 1,626,361,860	\$ 1,644,409,767	\$ 1,701,440,931	\$ 1,715,760,925	\$ 1,765,952,773	\$ 1,758,671,654
Debt Limit, 8% of Assessed value (Statutory Limitation)	106,728,104	109,910,144	125,654,586	128,554,986	130,108,949	131,552,781	136,115,274	137,260,874	141,276,222	140,693,732
Debt applicable to debt limitations:										
Capital Leases	72,616	83,135	90,767	66,614	19,959	-	-	-	-	-
Notes Payable/Installment Purchases	1,064,800	968,000	871,200	774,400	-	-	-	-	-	-
Statutory Deductions	72,616	83,135	90,767	66,614	19,959	-	-	-	-	-
Total debt applicable to limitations	1,064,800	968,000	871,200	774,400	-	-	-	-	-	-
Legal debt limit	105,590,688	108,859,009	124,692,619	127,713,972	130,088,990	131,552,781	136,115,274	137,260,874	141,276,222	140,693,732
Total net debt applicable to the limit as a percentage of debt limit	<u>1.00%</u>	<u>0.88%</u>	<u>0.69%</u>	<u>0.60%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Note: NC Statute GS159-55 limits the Town's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds net yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the Town's net debt outstanding applicable to the limit, and represents the Town's legal borrowing authority.

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## **Demographic and Economic Information**

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**TOWN OF STALLINGS, NORTH CAROLINA**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Total Personal Income (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Public School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>	<b>Town Median Family Income</b>	<b>Median Age</b>
2008	12,346	7,095,814	36,637	-	5.5%	42,930	36.8
2009	12,430	6,852,783	34,517	641	11.0%	41,906	36.8
2010	13,831	7,024,489	34,745	619	10.1%	43,830	37.2
2011	14,224	7,517,483	36,601	647	9.6%	45,206	37.3
2012	14,396	8,262,010	39,646	648	8.6%	41,553	37.5
2013	14,472	8,383,516	39,415	593	8.0%	46,337	37.6
2014	14,968	8,997,563	41,166	590	6.2%	46,784	37.7
2015	14,777	9,726,906	43,669	579	5.3%	78,891	38.2
2016	15,270	-	-	571	5.2%	77,374	41.3
2017	15,515	-	-	545	3.8%	76,516	41.2

Note: Data provided by the North Carolina Office of State Planning; Centralina Council of Government; U.S. Census Bureau; Union County Public School; Employment Security Commission; Union County, NC CAFR; City-Data.com; and Bureau of Economic Analysis: Regional Economic Accounts-Local Area Personal Income [www.bea.gov](http://www.bea.gov)

1 North Carolina State Demographic Unit

2 United State Department of Commerce, Bureau of Economic Analysis - based on Union County data

3 Stallings only has one elementary school located in the municipality. Enrollment provided by Stalling Elementary School.

4 State of North Carolina, Department of Commerce

**TOWN OF STALLINGS, NORTH CAROLINA**  
**Principal Employers**  
**Current Year and Ten Years Ago**

	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Berry Plastics (formerly AEP Industries)	310	1	21.88%	-	-	0.00%
Scott Clark Toyota	281	2	19.83%	-	-	0.00%
CEM Corporation	200	3	14.11%	-	-	0.00%
McGee Corporation	110	4	7.76%	-	-	0.00%
MMDi	104	5	7.34%	-	-	0.00%
Harris Teeter - Stevens Mill	94	6	6.63%	-	-	0.00%
Harris Teeter - Idlewild	92	7	6.49%	-	-	0.00%
Mario's Italian Restaurant & John's Place	80	8	5.65%	-	-	0.00%
International Construction Equipment	76	9	5.36%	-	-	0.00%
Stallings Elementary School	70	10	4.94%	-	-	0.00%

Note: Total employment was not available for municipality only.  
 Data was not tracked prior to 2015 CAFR submission

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## **Operating Information**

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**TOWN OF STALLINGS, NORTH CAROLINA**  
**Full-time Equivalent Town Government Employees By Function**  
**Last Ten Fiscal Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Function</b>										
General government	13	11	12	12	12	11	11	10	12	11
Public safety	21	25	24	23	25	25	25	25	25	26
Cultural and recreation	-	1	1	1	2	3	4	4	3	4
Total	<u>34</u>	<u>37</u>	<u>37</u>	<u>36</u>	<u>39</u>	<u>39</u>	<u>40</u>	<u>39</u>	<u>40</u>	<u>41</u>

Note: This schedule represents number of persons employed as of June 30 of each year. Vacant positions are included in the above numbers. Full time personnel work 1,950 hours per year (less vacation and sick leave).

Source: Human Resource/Payroll

**TOWN OF STALLINGS, NORTH CAROLINA**  
**Capital Asset Statistics By Function**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Parks and recreation</b>										
Park facility	1	1	2	2	2	2	2	2	2	2
Park acreage	9.3	9.3	33.5	33.5	33.5	33.5	33.5	33.5	33.5	37.0
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Sworn officers	20	21	21	21	21	22	22	22	20	23
Civilians - Full-time	2	2	2	3	3	3	3	3	3	3
Patrol vehicles - marked	18	18	18	18	18	18	19	20	21	20
Patrol vehicles - unmarked	4	5	5	6	6	6	6	5	5	5
<b>Public Works</b>										
Town - maintained streets	26	34	34	44	44	44	44	51	51	53
Sidewalks	-	-	-	-	-	-	18	19	20	21

Sources: Asset records for departments of the Town

**TOWN OF STALLINGS, NORTH CAROLINA**  
**Operating Indicators By Function**  
**Last Ten Fiscal Years**

<b>Functional Area</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>General Government</b>										
Tax collection rate	98.38%	98.03%	99.03%	98.76%	98.73%	99.09%	99.06%	99.35%	99.59%	99.67%
<b>Culture and Recreation</b>										
Attendance at all events/programs/classes	885	700	2,085	1,225	7,595	7,400	5,965	8,835	11,345	18,166
Total of events/programs/classes	8	5	8	4	11	17	21	14	49	173
<b>Public Safety</b>										
Calls for service	-	10,215	8,810	8,721	12,506	11,622	12,371	12,836	11,402	11,166
Arrests	-	262	307	326	374	341	307	232	198	168
Citations Issued	-	1,897	2,185	1,808	3,396	2,458	2,183	1,737	1,447	1,754
Community/Proactive Events	-	-	-	-	18,223	19,553	21,164	21,821	23,929	30,262
<b>Public Works</b>										
Miles of Streets/Sidewalks										
Town-maintained	26	34	34	44	44	44	44	51	51	53
Sidewalks	-	-	-	-	-	-	18	19	20	21
<b>Economic and Physical Development</b>										
Zoning Permit Activity	411	291	300	236	230	225	358	325	306	223

Sources: Annual reports from various departments of the Town



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## **Compliance Section**

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**Report On Internal Control Over Financial Reporting And On Compliance and Other  
Matters Based On An Audit Of Financial Statements Performed In Accordance With  
*Government Auditing Standards***

**Independent Auditors' Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stallings, North Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statement, which collectively comprises the Town of Stallings' basic financial statements, and have issued our report thereon dated October 13, 2017.

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) to determine the 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's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency, 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 material weaknesses. However, material weaknesses may exist that have not been identified.

#### 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

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

*Collins, Boike & Moore, PA*

Monroe, North Carolina  
October 13, 2017



**TOWN OF STALLINGS  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

None

**Town of Stallings**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2017**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-through to subrecipients	Local Expenditures
<b>Federal Awards:</b>					
<u>US Department of Justice</u>					
Passed-through the NC Department of Public Safety Governor's Crime Commission					
Edward Byrne Memorial Justice Assistance Grant Program - 2012	16.738	\$ 2,138	\$ -	\$ 2,138	\$ -
Edward Byrne Memorial Justice Assistance Grant Program - 2016	16.738	22,531	-	922	-
		24,669	-	3,060	-
JAG Program:					
Bulletproof Vest Partnership	16.607	261	-	-	-
Total Assistance - Federal Programs		24,930	-	3,060	-
<b>State Grants:</b>					
<u>N.C. Department of Transportation</u>					
Powell Bill	n/a	-	361,897	-	-
Total Assistance - State Programs		-	361,897	-	-
Total Federal and State Assistance		\$ 24,930	\$ 361,897	\$ 3,060	\$ -

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

**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, 2017. 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, or cash flows of the Town of Stallings.

**2. Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.



**Comprehensive Annual Financial Report  
Fiscal Year Ended on June 30, 2017**