



Town of 
Stallings_{-NC-}

North Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2019



**TOWN OF STALLINGS
NORTH CAROLINA**

**Comprehensive Annual
Financial Report**

**For the Fiscal Year
Ended June 30, 2019**

**Prepared By
Finance Team**



TOWN OF STALLINGS NORTH CAROLINA

List of Principal Elected Officials Fiscal Year Ended June 30, 2019

Town Council

Wyatt Dunn - **Mayor**

David Scholl - **Mayor Pro Tempore**

Billy Birt, Jr.

John Martin

Linda Paxton

Deborah Romanow

Shawna Steele



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INTRODUCTORY SECTION

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- Appointed and Administrative Positions
- Boards and Committees
- Area Map
- Organizational Chart





Town of
Stallings

315 Stallings Road • Stallings, North Carolina 28104

October 23, 2019

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, 2019. 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 Potter & Company, 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 8.12 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 County. 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, as well as the Monroe Expressway 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. Additionally, 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 executed, creating the annual budget, representing the Town in dealings with outside service providers, public agencies and our citizens as well as overseeing the performance of all the Town's services.

The Town provides its residents with a variety of services that include public safety, planning and zoning, cultural and recreational functions, administration, public works and environmental protection as well as others. This report includes 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, due primarily to the increasing population of Charlotte. The Charlotte suburban areas and towns evolved creating new developments 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 marked pivotal change in the Town. 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 one year later. The former Town Hall, now known as the Carl "Tip" Stallings Civic Building, was converted to offices for Parks and Recreation staff and space which was available for public use and additional Town functions.

Stallings Municipal Park underwent a complete renovation from 2011 to 2013. The Town's first interactive water feature quickly turned into the highlight of the park. Since these additions, the Town continues to win 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 in the Park event, concerts in the park, Easter egg hunts, and movie nights.

In 2018, the Town again needed additional administrative space to be able to provide the growing level of services. In addition, the Civic Building had become obsolete and Council approved to replace the building with two new buildings on the existing site. The new Public Works Maintenance Building and new Town Hall began construction in February 2019 and are scheduled to be completed by the end of 2019.

ECONOMIC CONDITION

Agriculture historically has ruled the economic base for Union County, but growth in the western part of the county, including Stallings, has evolved into an economy based on small businesses and service-based employment. The Town's economy benefits from its close proximity to Charlotte with its growing population and expansion into the surrounding towns and counties both in the commercial and residential markets. This sustained growth has created increased employment opportunities, and the resulting influx of people has generated more development in the Town.

As a result of this growth is the addition of the U.S. Route 74 Monroe Bypass. The Bypass runs directly through the Town along the existing U.S. Route 74 and Stallings Road. Construction of the Bypass was completed in November 2018. The design of the highway created service roads to our existing businesses, cleared and revitalized unused property, and created a gateway into the town which was not noticeable in the past. Since its opening, the Town has been inundated with development opportunities to revitalize U.S. Route 74 which in the past years had experienced an exodus of business development. The Town has been working with developers for the construction of healthcare facilities, shopping centers and industrial parks. In 2022, the Town will have its first hospital built within the town limits. This facility will be 150,000 square feet and will have 40 licensed acute care beds, 10 emergency department bays and two operating rooms.

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. Due to the growth in the 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

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). Projects are identified by Town staff and Council during the budget process and if approved are added to the plan and adopted along with the budget for each year. The CMIIP is a living document and is reviewed throughout the year to accurately reflect the current and future projects.

The Town also saw a need, due to the growth and central location to major highways (U.S. Route 74, Interstate 485 and the Monroe Expressway), to develop several small area plans for main roads in the town that connect Stallings to these highways and other growing areas. These plans were completed in 2018 and include Idlewild Road Corridor, Stallings Elementary School Node, Monroe Bypass Corridor, Old Monroe Road/Downtown Development plan, and Chestnut Lane Corridor. These plans are being used to enforce development standards in key areas of growth in our town and shape our community in the coming years.

The Town has also invested in the development of our parks and green space with the adoption of the Connect Stallings Recreation and Greenway Master Plan. The Council approved to move forward with the Greenway design and construction documents for the first greenway trail identified in the plan which will add and begin to connect our existing parks 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 through June 30, 2018 and were awarded a Certificate of Achievement for Excellence in Financial Reporting for all four years submitted. 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.

Respectfully submitted,



Alex Sewell
Town Manager



Marsha A. Gross
Finance Officer

CERTIFICATE OF ACHIEVEMENT



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, 2018

Christopher P. Morill

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, 2018. This third report was 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, 2018 and are submitting to the GFOA to determine its eligibility for another Certificate of Achievement for Excellence in Financial Reporting.

APPOINTED AND ADMINISTRATIVE POSITIONS

Alex Sewell
Town Manager

Erinn Nichols	<i>Assistant Town Manager/Town Clerk</i>
Marsha Gross	<i>Finance Officer</i>
Karen Williams	<i>Human Resources</i>
Christopher Easterly	<i>Engineering/Public Works</i>
Lynne Hair	<i>Town Planner</i>
Minor Plyler	<i>Police Chief</i>
Ashley Platts	<i>Parks and Recreation</i>
Brian Price	<i>Public Works</i>

BOARDS AND COMMITTEES

The Town of Stallings has numerous boards and advisory committees that help make recommendations to the Town Council. These boards and committees are comprised of both council members as well as 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. In 2018, Council passed an ordinance which further defined the responsibilities of the Town's boards and committees and categorized them into four different types:

1. **Boards Required by Statute**

Planning Board

Purpose/Objective: The Planning Board proposes and reviews zoning amendments, makes studies within the jurisdiction and surrounding areas to determine objectives to be sought in the development of those areas, prepares and proposes recommendations to the Town Council about revisions to the Zoning Ordinances, and engages in general planning efforts to improve the physical environment of the Town.

Board of Adjustment

Purpose/Objective: The purpose of this Board is to hear and decide appeals, where it is alleged there is error in any order, requirement, decision, or determination made by an administrative official or body in the enforcement of the laws and ordinances of the Town. They have authority to authorize variances to these regulations based on the appeal process.

2. **Council Lead Committees**

Economic Development Advisory Committee

Purpose/Objective: The Economic Development Advisory Committee markets the Town to facilitate the economic development process and attract new business opportunities that may exist in the area. They aid in the retention and expansion of existing businesses and industries as well as the continued revitalization of the Town's economic base

General Government Committee

Purpose/Objective: The General Government 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. The Committee reviews financial reports, audit statements, annual budgets, and five-year capital improvement plans to explore alternatives and strategies for the long-range financial objectives of the Town. The Committee also reviews administrative policies and procedures making recommendations for changes that promote efficiencies.

Public Safety Advisory Committee

Purpose/Objective: The Public Safety Advisory Committee's purpose is to review and recommend to Town Council changes to public safety management policies, long-range plans and estimated budgetary impacts. 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

Purpose/Objective: The Stormwater Advisory Committee provides guidance, oversight and reviews the storm water management policies making recommendations to Town Council and staff for improvements to the Stormwater Management Program. They also respond to Town Council and Town staff requests for advice on matters related to storm water services.

Technology Advisory Committee

Purpose/Objective: The Technology Advisory Committee provides Town Council an ongoing assessment of the Town's use of technology as it is used today and looking into the future. They prepare and maintain the Town's long-range Technology Plan which includes a technology replacement plan and a technology business continuity plan to insure the technology needs are in place to support the Town's business activities.

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 proves 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.

3. Citizen-Lead Committees

Historical Committee

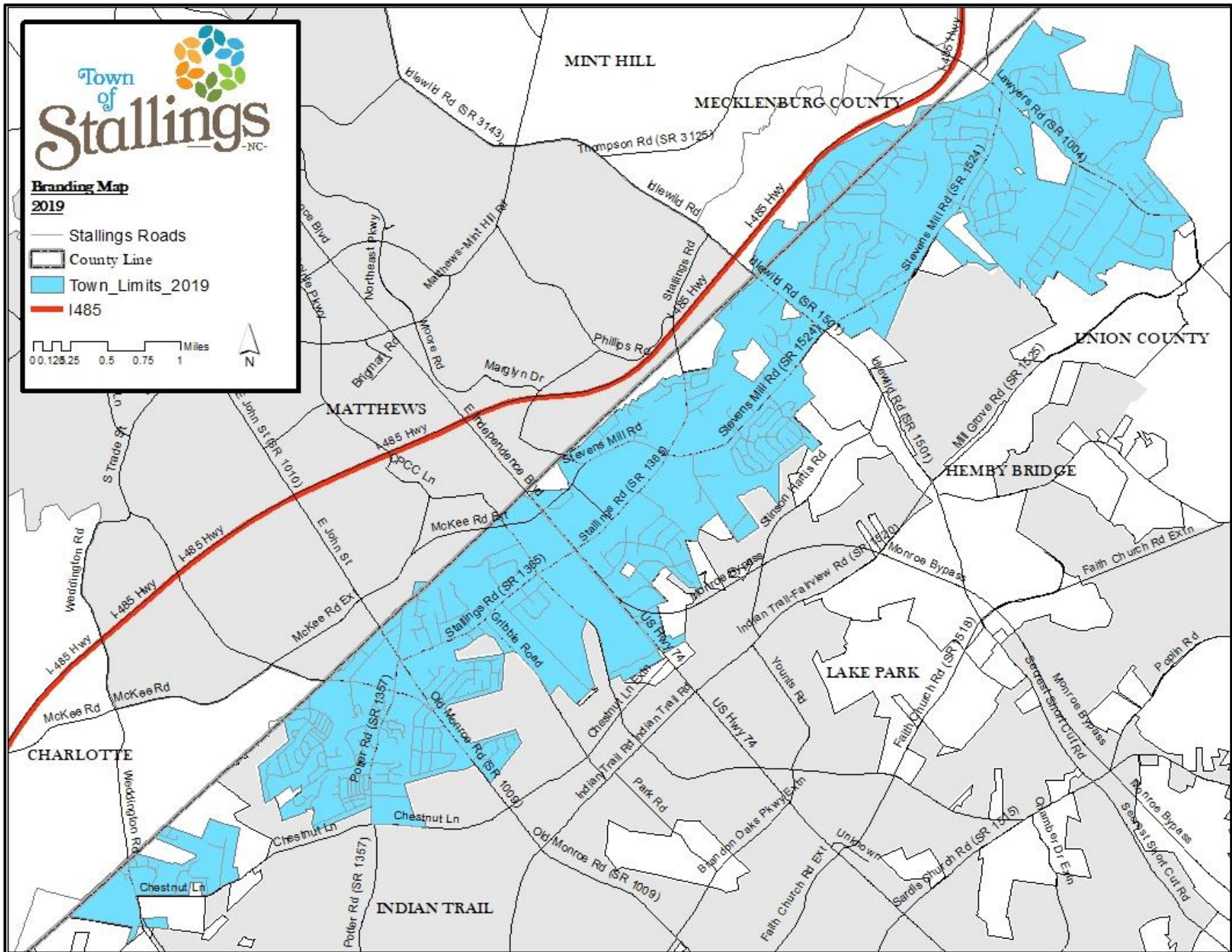
Purpose/Objective: The Historical Committee's purpose is to preserve Town properties and artifacts, designate historical Town landmarks and educate the community on the Town's history. The Committee also is an advisor to both the Town Manager and Council in matters of recognition and dedication to ensure the history of the Town is collected.

Parks and Recreation Committee

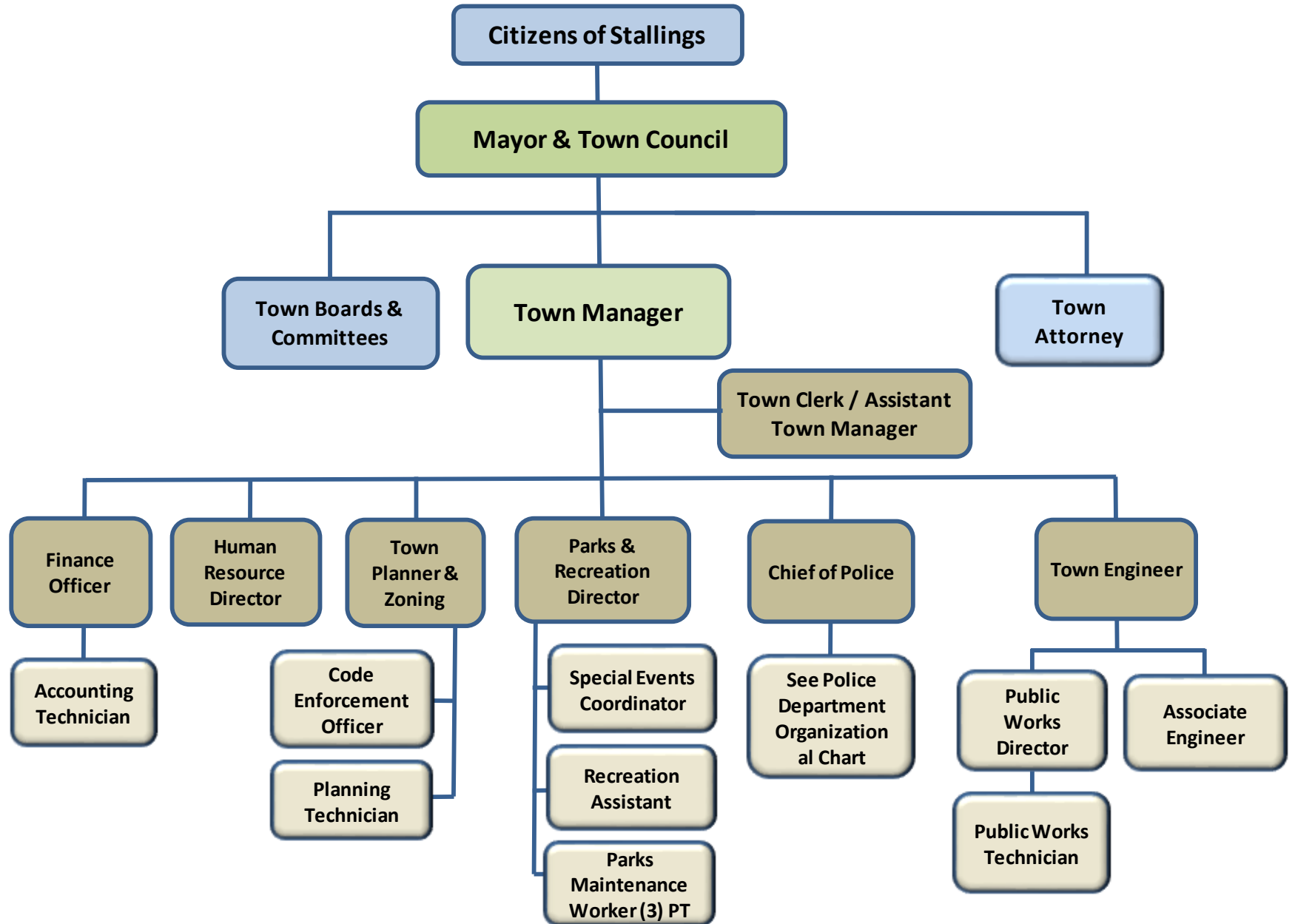
Purpose/Objective: The Park and Recreation Advisory Committee advises the Town Council and Town Manager on the development and administration of all park and recreation programs and special events planning. The Committee provides input for the long-range planning of resources which include park land,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

4. Ad Hoc Committees

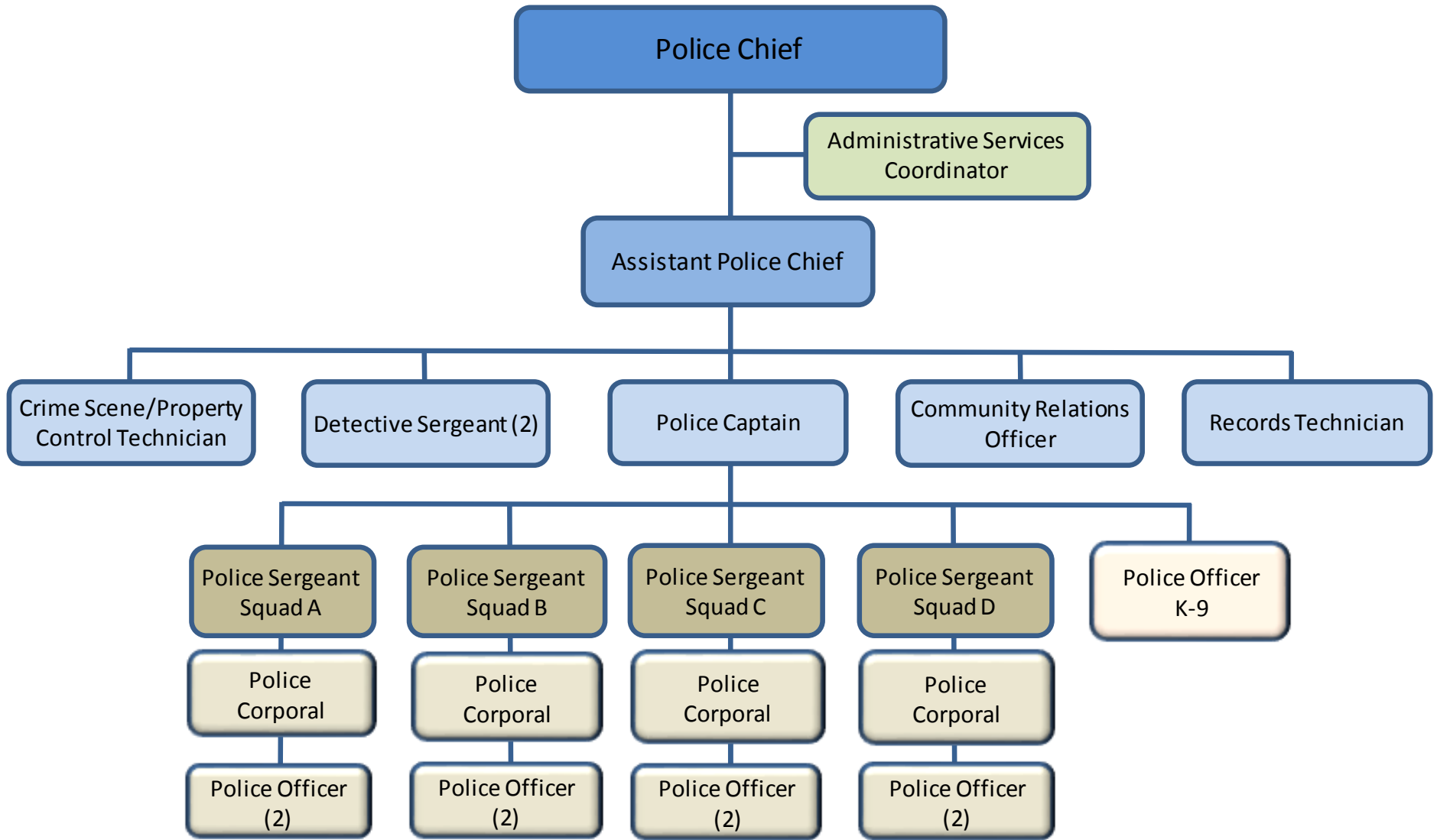
The Mayor and Council have the authority to form an ad-hoc committee at any time for a specific purpose and length of time. These committees are used primary for short term projects or plans the Town is developing. Once the committee has fulfilled its' objectives and reported back to Council, it is dissolved.



Town of Stallings Organizational Chart



Stallings Police Department Organizational Chart





FINANCIAL SECTION

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
 - Government-wide Financial Statements
 - Fund Financial Statements
 - Required Supplemental Financial data
 - Individual Fund Statements
 - 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, 2019, 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, based on our audit, 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, 2019, and the respective changes in financial position, and cash flows, where applicable, 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 16, the Local Government Employees' Retirement System Schedules of the Town's Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 49 through 50, 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 51 through 52, 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 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 basic financial statements of the Town of Stallings. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, and statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual 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, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 23, 2019 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 the 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.

POTTER & Company, PA

Monroe, North Carolina
October 23, 2019

Management's Discussion and Analysis



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, 2019. 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 \$24,239,868 (*net position*).
- The government's total net position decreased by \$441,434 primarily due to a restatement of the prior year of \$422,919 related capital project expenses.
- As of the close of the current fiscal year, the Town of Stallings' governmental funds reported combined ending fund balance of \$12,749,116 with a net increase of \$3,804,079 in fund balance. Approximately 5.7% of this total amount, or \$727,384, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,270,119 or 50.3% of total general fund expenditures for the fiscal year.
- The Town entered into an installment purchase agreement in January 2019 in the amount of \$2,918,000 for the construction of two new buildings. Construction costs for these new buildings, New Town Hall and Public Works buildings, are \$3,390,600 and completion is estimated in December 2019.
- The Town acquired all the necessary easements and right of ways along Potter Road and Pleasant Plains Road to proceed into the construction phase of the installation of turning lanes at the intersection of these streets. Total expenditures this fiscal year were \$68,389 making total costs of \$1,741,905. This is a joint project with North Carolina Department of Transportation and Union County of which the Town was reimbursed \$1,215,505 of these expenditures. Construction is scheduled to begin in Spring 2020.
- On August 13, 2018, the Town Council approved the annexation of 0.41 miles of Willowcroft Subdivision roads and stormwater infrastructure into the Town's maintenance system making the Town's new road system total of 53.23 miles.

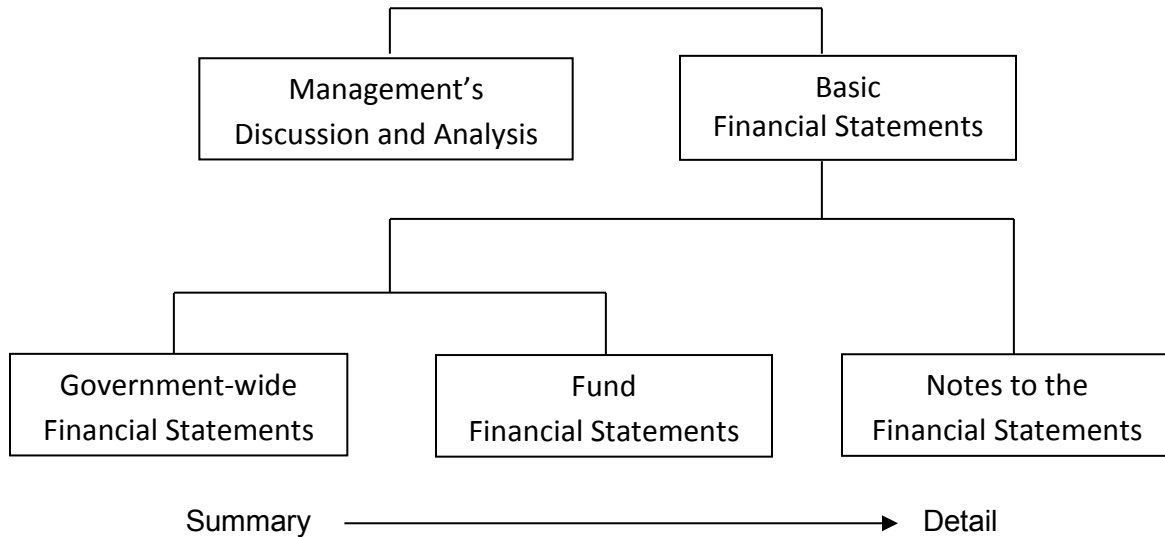
Overview of the Financial Statements

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

Management Discussion and Analysis Town of Stallings

basic financial statements, this report contains other supplemental information which will enhance the reader's understanding of the financial condition of the Town of Stallings.

**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.

Management Discussion and Analysis Town of Stallings

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.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: governmental activities and business-type activities. The governmental activities include most of the Town's basic services, such as public safety, sanitation, general administration, public works and parks and recreation. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. The Town is mandated to participate in an NPDES Phase II storm water management program.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Stallings, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All the funds of the Town of Stallings can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how the assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or 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.

Management Discussion and Analysis Town of Stallings

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 shows four columns: 1) the original budget as adopted by the Town Council; 2) the final budget as amended by the Town Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 27 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Stallings' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 49 of this report.

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

**Management Discussion and Analysis
Town of Stallings**

Government-Wide Financial Analysis

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 13,414,926	\$ 9,245,211	\$ 1,330,180	\$ 1,163,188	\$ 14,745,106	\$ 10,408,399
Capital assets	13,569,733	15,238,157	385,891	104,293	13,955,624	15,342,450
Total assets	<u>26,984,659</u>	<u>24,483,368</u>	<u>1,716,071</u>	<u>1,267,481</u>	<u>28,700,730</u>	<u>25,750,849</u>
Deferred outflows of resources	626,666	437,902	17,307	12,456	643,973	450,358
	<u>626,666</u>	<u>437,902</u>	<u>17,307</u>	<u>12,456</u>	<u>643,973</u>	<u>450,358</u>
Long-term liabilities outstanding	3,856,758	1,027,679	21,169	15,436	3,877,927	1,043,115
Other liabilities	1,092,251	399,615	41,100	7,309	1,133,351	406,924
Total liabilities	<u>4,949,009</u>	<u>1,427,294</u>	<u>62,269</u>	<u>22,745</u>	<u>5,011,278</u>	<u>1,450,039</u>
Deferred inflows of resources	93,009	69,207	548	659	93,557	69,866
	<u>93,009</u>	<u>69,207</u>	<u>548</u>	<u>659</u>	<u>93,557</u>	<u>69,866</u>
Net position:						
Net investment in capital assets	10,651,733	15,238,157	385,891	104,293	11,037,624	15,342,450
Restricted	727,384	881,186	-	-	727,384	881,186
Unrestricted	11,190,190	7,305,426	1,284,670	1,152,240	12,474,860	8,457,666
Total net position	<u>\$ 22,569,307</u>	<u>\$ 23,424,769</u>	<u>\$ 1,670,561</u>	<u>\$ 1,256,533</u>	<u>\$ 24,239,868</u>	<u>\$ 24,681,302</u>

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 \$24,239,868 as of June 30, 2019. The Town's net position decreased 1.8% or \$441,434 for the fiscal year ended June 30, 2019. This decrease is reflected in the Town's net investment in capital assets (e.g. land, streets, buildings and equipment). The Town of Stallings uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Stallings' net position, \$727,384, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$12,474,860 is unrestricted.

Management Discussion and Analysis Town of Stallings

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

- Diligence in the collection of property taxes by maintaining a tax collection percentage of 99.82% through the county, which continues to exceed the statewide average.
- Ad valorem tax revenues increased by \$118,851 over last fiscal year due to the development of new neighborhoods in the Town.
- Increased sales tax revenue of \$69,474 due to continued economic growth in the Town and state.
- Town established new fee structures resulting in additional revenue of \$171,426 for transportation and economic and physical development departments.
- Cost savings and reductions in spending resulted in general fund expenditures being \$818,636 less than final budgeted expenditures for fiscal year 2018-19. This difference was achieved through staff's diligence in competing work, insourcing previously outsourced tasks, and closely monitoring actual versus budgeted costs.
- The Town negotiated a low-cost installment purchase agreement related to the construction of the new buildings based on the strong financial position and stability of the Town.

**Management Discussion and Analysis
Town of Stallings**

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 313,917	\$ 97,830	\$ 474,935	\$ 493,804	\$ 788,852	\$ 591,634
Operating grants and contributions	1,627,923	411,580	-	-	1,627,923	411,580
Capital grants and contributions	323,095	-	213,392	-	536,487	-
General revenues:						
Property taxes	3,999,804	3,909,481	-	-	3,999,804	3,909,481
Other Taxes	2,184,198	2,117,572	-	-	2,184,198	2,117,572
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	170,258	133,332	-	-	170,258	133,332
Total Revenues	8,619,195	6,669,795	688,327	493,804	9,307,522	7,163,599
Expenses:						
General Government	1,087,177	1,068,861	-	-	1,087,177	1,068,861
Public Safety	2,314,035	2,318,412	-	-	2,314,035	2,318,412
Transportation	3,411,976	4,461,415	-	-	3,411,976	4,461,415
Economic and physical development	402,097	483,469	-	-	402,097	483,469
Environmental protection	885,833	906,820	-	-	885,833	906,820
Cultural and recreation	672,099	689,156	-	-	672,099	689,156
Public Works	278,521	138,979	-	-	278,521	138,979
Storm water	-	-	274,299	182,369	274,299	182,369
Total Expenses	9,051,738	10,067,112	274,299	182,369	9,326,037	10,249,481
Increase (decrease) in net position	(432,543)	(3,397,317)	414,028	311,435	(18,515)	(3,085,882)
Net Position, beginning, previously reported	23,424,769	26,822,086	1,256,533	945,098	24,681,302	27,767,184
Restatement	(422,919)	-	-	-	(422,919)	-
Net Position, beginning, restated	23,001,850	26,822,086	1,256,533	945,098	24,258,383	27,767,184
Net Position, June 30	\$ 22,569,307	\$ 23,424,769	\$ 1,670,561	\$ 1,256,533	\$ 24,239,868	\$ 24,681,302

Governmental activities. Governmental activities decreased the Town's net position by \$432,543 representing a drop-in net position of 1.8%. The most significant factor contributing to this decrease was depreciation expense of \$3,480,437 of Town assets. The effect of this expense on the Town's net position was minimized greatly by the concerted effort to control costs and manage expenditures for the Town. Management proactively looked for grants and other funding sources, maximized the use of outside services, and managed investments. As a general matter, the area's continued growth contributed to additional revenues. The town adopted a new Development Ordinance aimed at shaping growth to align with the Town's adopted land use vision and creating a financially sustainable tax base.

Management Discussion and Analysis Town of Stallings

Further key elements impacting net position are as follows:

- The Town's governmental activities' revenues increased by \$1,949,400 which is mainly due to \$1,215,505 of operating contributions related to the funds received from North Carolina Department of Transportation for reimbursement of costs for the Potter Road / Pleasant Plains Road Intersection improvements. The annexation of roads and sidewalks of the Willowcroft subdivision added an additional \$310,595 in capital contributions. The increase in charges for services of \$216,087 is related to traffic impact analysis fees and development fees that are now being charged to developers.
- Council approved the purchase of property with proximity to both the Stallings Municipal Park and Stallings existing Town Hall for a cost of \$218,216. The property may be used for future growth and expansion of Town facilities and/or as a tool to further control development in accordance with our Downtown plans.
- Total governmental activities expenses decreased \$1,015,374 or 10.1% over the prior fiscal year. Expenses related to the Potter Road/Pleasant Plains Intersection Project dropped \$1,182,208 from 2018 to 2019.
- In fiscal year ended 2018, the public works department was started to address maintenance and property management for the Town as well as perform several previously outsourced services. Personnel and costs were shifted from both general government and cultural and recreation departments into public works for this year representing the \$139,542 increase in costs from the prior fiscal year.

Business-type Activities. Business-type activities increased the Town of Stallings' net position by \$414,028, an increase of 33.0%.

Key elements of this increase are as follows:

- Revenues for business-type activities increased \$194,523 due mainly to the annexation of Willowcroft Subdivision stormwater infrastructure which added \$213,392 in capital contributions for capital assets.
- Repair projects were completed well below budget. 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.

Management Discussion and Analysis Town of Stallings

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

The general fund is the chief operating fund of the Town of Stallings. At the end of Fiscal Year 2018-19, the Town of Stallings' fund balance available in the General Fund was \$3,270,119, while total fund balance reached \$9,392,817. The Town Council has determined that the Town should maintain an available fund balance of 30% 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 50.3% of general fund expenditures, while total fund balance represents 144.4% of the same amount.

At June 30, 2019, the governmental funds of the Town of Stallings reported a combined fund balance of \$12,749,116 with a net increase in fund balance of \$3,804,079 or 42.5% from prior fiscal year. Included in this change in fund balance is an increase in fund balance in both Capital Project Funds. Capital Project Fund for Potter Road/ Pleasant Plains intersection represents \$1,215,505 of the increase and New Town Hall Building and Public Works Building Capital Project fund increased \$2,141,651.

General Fund Budgetary Highlights. During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

There were several reasons the Town revised its budget through the year. The Town received restricted intergovernmental funds that were available for use during 2019 and used to upgrade radios in Public Safety. 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. Building maintenance expenses for Town Hall were higher than originally budgeted. Capital improvements which were originally to be completed in the prior fiscal year were delayed and moved to 2019. The Town also implemented new fees structures for development agreements and traffic impact analysis fees which were higher than expected with the growth in the Town. In order to maintain the Town's level of services in the future, Council approved the purchase of property adjacent to the existing Town Hall and Stallings Municipal Park for future economic growth and development of the Town.

At year-end revenues were 4.4% greater than the budget due to increases in ad valorem and sales and use tax, permits and fees, and investment earnings. Expenditures were 11.2% below budget with savings compared to budget in all departments. Majority of cost savings were in Transportation where funds were budgeted for infrastructure enhancements near the Monroe Expressway that were not utilized. Also, the Cultural and Recreational department had significant savings related to a reduction in the number of programs this year due to the demolition of the Civic Building where they had been located. They were moved into the existing Town Hall with limited space until the New Town Hall and Public Works Buildings are completed.

Management Discussion and Analysis

Town of Stallings

Proprietary Fund. The Town's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Storm Water Fund at the end of the fiscal year amounted to \$1,284,670. The total change in net position was an increase of \$414,028. The increase was a result of savings in maintenance repairs, a lack of major projects, and the acceptance of the Willowcroft subdivision storm water infrastructure into the Town's Storm Water system.

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, 2019 total \$13,955,624 (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 \$320,976.
- Installation and repair of sidewalks accounted for an addition of \$239,223.
- The New Town Hall and Public Works facilities, which are currently under construction, added design and construction costs of \$873,384 in fiscal year 2019.
- Acquisition of public safety vehicles and equipment totaling \$94,704.
- Stallings Municipal Park repairs, new park shades, and restroom renovations totaling \$132,095.
- Several storm water improvements and repairs including culverts, drain inlets and concrete swales totaling \$45,860.
- Capital contribution of Privette Road Property and related demolition costs to be converted into a future pocket park in the amount of \$20,057.
- Purchase of property on Stallings Road adjacent to Stallings Municipal Park and existing Town Hall of \$218,216.
- Annexation of Willowcroft Phase Two roads and sidewalks totaling \$310,595 as well as the storm water infrastructure of \$213,392.

**Management Discussion and Analysis
Town of Stallings**

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Infrastructure	\$ 7,662,388	\$ 9,833,668	\$ 353,080	\$ 104,293	\$ 8,015,468	\$ 9,937,961
Land improvements	1,725,575	1,815,971	-	-	1,725,575	1,815,971
Building and improvements	1,537,655	1,334,492	-	-	1,537,655	1,334,492
Land	978,389	958,331	-	-	978,389	958,331
Vehicles	323,858	365,859	-	-	323,858	365,859
Construction in progress	1,073,740	751,014	32,811	-	1,106,551	751,014
Equipment	254,685	153,743	-	-	254,685	153,743
Computers and Software	13,443	25,079	-	-	13,443	25,079
Total	\$ 13,569,733	\$ 15,238,157	\$ 385,891	\$ 104,293	\$ 13,955,624	\$ 15,342,450

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

**Management Discussion and Analysis
Town of Stallings**

Long-term Debt. As of June 30, 2019, the Town of Stallings’ total debt and outstanding liabilities of \$4,332,936. Of this, installment debt of \$2,918,000 is backed by the full faith and credit of the Town. Other debt of the Town related to compensated absences and pension related liabilities.

**Outstanding Liabilities
Figure 5**

Town of Stallings’ Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Installment debt	\$ 2,918,000	\$ -	\$ -	\$ -	\$ 2,918,000	\$ -
Pension related debt (LGERS)	727,543	503,227	21,169	15,436	748,712	518,663
Pension related debt (LEO)	503,015	524,452	-	-	503,015	524,452
Compensated absences	158,826	159,619	4,383	4,586	163,209	164,205
Total	\$ 4,307,384	\$ 1,187,298	\$ 25,552	\$ 20,022	\$ 4,332,936	\$ 1,207,320

Town of Stallings’ Outstanding Debt

The Town of Stallings’ total debt increased by \$3,125,616 (258.9%) during the past fiscal year, primarily due to the \$2,918,000 installment purchase financing agreement for the construction of the New Town Hall and Public Works Maintenance Buildings. The remaining increase is due to the Town’s proportionate share of the net pension liability (LGERS).

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 \$146,314,791.

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 3.0% as well as economic growth with sales tax increasing 5.8%.

Management Discussion and Analysis

Town of Stallings

- Population growth and new residential construction continue to increase the Town's total tax base which is projected to increase an additional 3.0%.
- New development. The Town continued to see strong interest in development opportunities. For example, the Town has seen significant interest in the area surrounding the Monroe Expressway, which opened in Fiscal Year 2018-19. Specifically, Atrium Health announced plans to build a major hospital campus beside the Monroe Expressway and the Town anticipates that development interest in this area will continue to be strong, at least until the next economic downturn.
- The Stallings Town Council and Metropolitan Transit Commission adopted resolutions supporting bringing the LYNX Light Rail Silver Line to Stallings. While this is just one of the first necessary steps of many in extending the light rail to Stallings, any light rail expansion in the future would have significant impacts on our community.
- The Town's tax rate remained at \$0.215 per \$100 of assessed property value. Excellent ad valorem collection rates, controlled spending, and growth have allowed the Town to hold the tax rate constant.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: Property taxes, sales and use taxes, and permits and fees are expected to lead the increase in budgeted revenue by 1.8%. The Town will use these increases in revenue to fund service and programs currently in place. 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 3.9% to \$6,756,750 when compared to actual expenditures of \$6,504,564 in 2019. This increase is primarily seen in public safety department related to the 2019 salary survey results.

Interest expense related to the Town's debt is funded through current year revenues and not additional funds through appropriations.

The Town Council has appropriated fund balance in the amount of \$2,016,800 which will be used for debt repayment and capital project expenditures for the Pleasant Plains Road and Potter Road intersection as well as the New Town Hall and Public Works Buildings. Management believes that increased revenues and continued cost cutting measures on departmental spending will maintain the current level of services provided by the Town and will not require additional fund balance appropriation.

Business-type Activities: The Town has chosen to keep the storm water fees unchanged. Project work for the year is focused on issues where flooding creates property damage. Expenses are primarily budgeted to repair these issues, with additional spending focused on cleaning out existing

Management Discussion and Analysis Town of Stallings

drains. The Town has also added in this budget street sweeping and other preventative services to help deter future flooding issues.

The Town has chosen to appropriate fund balance of \$208,000 in 2020 for the construction of underground water detention on the current Town Hall site. This work is being performed in conjunction with the construction of the New Town Hall and Public Works Buildings.

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

Basic Financial Statements



Town of Stallings
Statement of Net Position
June 30, 2019

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 9,070,512	\$ 1,329,323	\$ 10,399,835
Taxes receivable (net)	18,316	-	18,316
Accrued interest receivable on taxes	5,546	-	5,546
Accounts receivable (net)	-	3,655	3,655
Due from other governments	1,544,614	-	1,544,614
Due from other funds	2,798	(2,798)	-
Restricted cash and cash equivalents	2,773,140	-	2,773,140
Total current assets	<u>13,414,926</u>	<u>1,330,180</u>	<u>14,745,106</u>
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	2,052,128	32,811	2,084,939
Other capital assets, net of depreciation	11,517,605	353,080	11,870,685
Total capital assets	<u>13,569,733</u>	<u>385,891</u>	<u>13,955,624</u>
Total non-current assets	<u>13,569,733</u>	<u>385,891</u>	<u>13,955,624</u>
Total assets	<u>26,984,659</u>	<u>1,716,071</u>	<u>28,700,730</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	626,666	17,307	643,973
Total deferred outflows of resources	<u>626,666</u>	<u>17,307</u>	<u>643,973</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	359,374	35,994	395,368
Accounts payable from restricted cash	271,852	-	271,852
Deposits in escrow	10,399	-	10,399
Unearned revenue	-	723	723
Current portion long-term liabilities	450,626	4,383	455,009
Total current liabilities	<u>1,092,251</u>	<u>41,100</u>	<u>1,133,351</u>
Long-term liabilities:			
Net pension liability	727,543	21,169	748,712
Total pension liability	503,015	-	503,015
Due in more than one year	2,626,200	-	2,626,200
Total long-term liabilities	<u>3,856,758</u>	<u>21,169</u>	<u>3,877,927</u>
Total liabilities	<u>4,949,009</u>	<u>62,269</u>	<u>5,011,278</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	323	-	323
Pension deferrals	92,686	548	93,234
Total deferred inflows of resources	<u>93,009</u>	<u>548</u>	<u>93,557</u>
NET POSITION			
Net investment in capital assets	10,651,733	385,891	11,037,624
Restricted for:			
Stabilization by State Statute	462,389	-	462,389
Streets	239,450	-	239,450
Drug Forfeiture	25,545	-	25,545
Unrestricted	11,190,190	1,284,670	12,474,860
Total net position	<u>\$ 22,569,307</u>	<u>\$ 1,670,561</u>	<u>\$ 24,239,868</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, 2019**

Exhibit 2

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating</u>	<u>Capital</u>	<u>Primary Government</u>		
			<u>Grants and Contributions</u>	<u>Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary government:							
Governmental Activities:							
General government	\$ 1,087,177	\$ 4,807	\$ -	\$ -	\$ (1,082,370)	\$ -	\$ (1,082,370)
Public safety	2,314,035	2,736	1,000	-	(2,310,299)	-	(2,310,299)
Transportation	3,411,976	113,200	1,614,960	310,595	(1,373,221)	-	(1,373,221)
Environmental protection	885,833	-	11,963	-	(873,870)	-	(873,870)
Economic and physical development	402,097	137,033	-	-	(265,064)	-	(265,064)
Public works	278,521	-	-	-	(278,521)	-	(278,521)
Cultural and recreational	672,099	56,141	-	12,500	(603,458)	-	(603,458)
Total governmental activities	<u>9,051,738</u>	<u>313,917</u>	<u>1,627,923</u>	<u>323,095</u>	<u>(6,786,803)</u>	<u>-</u>	<u>(6,786,803)</u>
Business-type activities:							
Storm Water	274,299	474,935	-	213,392	-	414,028	414,028
Total business-type activities	<u>274,299</u>	<u>474,935</u>	<u>-</u>	<u>213,392</u>	<u>-</u>	<u>414,028</u>	<u>414,028</u>
Total primary government	<u>\$ 9,326,037</u>	<u>\$ 788,852</u>	<u>\$ 1,627,923</u>	<u>\$ 536,487</u>	<u>\$ (6,786,803)</u>	<u>\$ 414,028</u>	<u>\$ (6,372,775)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					\$ 3,999,804	\$ -	\$ 3,999,804
Sales taxes					1,259,345	-	1,259,345
Franchise taxes					832,275	-	832,275
Beer and wine taxes					69,574	-	69,574
Other taxes and licenses					23,004	-	23,004
Unrestricted investment earnings					149,508	-	149,508
Restricted investment earnings					10,958	-	10,958
Gain on disposal of assets					-	-	-
Miscellaneous					9,792	-	9,792
Total general revenues and transfers					<u>6,354,260</u>	<u>-</u>	<u>6,354,260</u>
Change in net position					(432,543)	414,028	(18,515)
Net position, beginning, previously reported					23,424,769	1,256,533	24,681,302
Restatement					(422,919)	-	(422,919)
Net position, beginning, restated					<u>23,001,850</u>	<u>1,256,533</u>	<u>24,258,383</u>
Net position, ending					<u>\$ 22,569,307</u>	<u>\$ 1,670,561</u>	<u>\$ 24,239,868</u>

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

**Town of Stallings
Balance Sheet
Governmental Funds
June 30, 2019**

Exhibit 3

	General Fund	Major Funds Potter/Pleasant Plains Intersection Improvement Capital Project Fund	New Town Hall Building and Public Works Building Capital Project Fund	Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 9,070,512	\$ -	\$ -	\$ -	\$ 9,070,512
Restricted cash	445,820	-	2,327,320	-	2,773,140
Receivables, net:					
Taxes	18,316	-	-	-	18,316
Due from other governments	320,404	1,215,505	8,705	-	1,544,614
Advances to other funds	2,798	-	-	-	2,798
Total assets	<u>9,857,850</u>	<u>1,215,505</u>	<u>2,336,025</u>	<u>-</u>	<u>13,409,380</u>
LIABILITIES					
Accounts payable and accrued liabilities	358,517	857	-	-	359,374
Accounts payable from restricted cash	77,478	-	194,374	-	271,852
Deposits in escrow	10,399	-	-	-	10,399
Total liabilities	<u>446,394</u>	<u>857</u>	<u>194,374</u>	<u>-</u>	<u>641,625</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	18,316	-	-	-	18,316
Prepaid taxes	323	-	-	-	323
Total deferred inflows of resources	<u>18,639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,639</u>
FUND BALANCES					
Restricted					
Stabilization by State Statute	462,389	-	-	-	462,389
Streets - Powell Bill	239,450	-	-	-	239,450
Drug Forfeiture	25,545	-	-	-	25,545
Committed					
Parks and Recreation	374,474	-	-	-	374,474
Chestnut Lane Roundabout	350,000	-	-	-	350,000
Capital Projects Fund	-	1,214,648	2,141,651	-	3,356,299
Assigned					
Subsequent year expenditures	2,016,800	-	-	-	2,016,800
Minimum fund balance requirement	2,654,040	-	-	-	2,654,040
Unassigned	3,270,119	-	-	-	3,270,119
Total fund balances	<u>9,392,817</u>	<u>1,214,648</u>	<u>2,141,651</u>	<u>-</u>	<u>12,749,116</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,857,850</u>	<u>\$ 1,215,505</u>	<u>\$ 2,336,025</u>	<u>\$ -</u>	<u>\$ 13,409,380</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, 2019

Exhibit 4

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

Total fund balance - Governmental Funds		\$ 12,749,116
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 41,219,904	
Accumulated depreciation	<u>(27,650,171)</u>	13,569,733
Deferred outflows of resources related to pensions are not reported in the funds		
		626,666
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		
		5,546
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Compensated absences	(158,826)	
Notes payable	(2,918,000)	
Net pension liability	(727,543)	
Total pension liability	<u>(503,015)</u>	(4,307,384)
Deferred inflows of resources related to pensions are not reported in the funds		
		(92,686)
Earned revenues considered deferred inflows of resources in fund statements		
		<u>18,316</u>
Net position of governmental activities		<u><u>\$ 22,569,307</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, 2019

Exhibit 5

	General	Major Funds Potter/Pleasant Plains Intersection Improvement Capital Project Fund	New Town Hall Building and Public Works Building Capital Project Fund	Non-Major Funds Total	Total Governmental Funds
REVENUES					
Ad valorem taxes	\$ 4,036,118	\$ -	\$ -	\$ -	\$ 4,036,118
Other taxes and licenses	23,004	-	-	-	23,004
Unrestricted intergovernmental	2,161,194	-	-	-	2,161,194
Restricted intergovernmental	412,418	1,215,505	-	-	1,627,923
Permits and fees	300,450	-	-	-	300,450
Investment earnings	160,338	-	128	-	160,466
Sales and services	13,467	-	-	-	13,467
Miscellaneous	9,794	-	-	-	9,794
Total revenues	<u>7,116,783</u>	<u>1,215,505</u>	<u>128</u>	<u>-</u>	<u>8,332,416</u>
EXPENDITURES					
Current:					
General government	957,762	-	-	-	957,762
Public safety	2,174,311	-	-	-	2,174,311
Transportation	297,159	68,389	-	-	365,548
Environmental protection	885,833	-	-	-	885,833
Economic and physical development	405,282	-	-	-	405,282
Public works	269,313	-	-	-	269,313
Cultural and recreational	449,216	-	-	-	449,216
Capital Outlay					
General government	218,216	-	683,146	-	901,362
Public safety	214,786	-	-	-	214,786
Transportation	432,460	-	-	-	432,460
Economic and physical development	-	-	-	-	-
Public works	53,729	-	190,238	-	243,967
Cultural and recreational	146,497	-	-	-	146,497
Total expenditures	<u>6,504,564</u>	<u>68,389</u>	<u>873,384</u>	<u>-</u>	<u>7,446,337</u>
over expenditures	<u>612,219</u>	<u>1,147,116</u>	<u>(873,256)</u>	<u>-</u>	<u>886,079</u>
OTHER FINANCING SOURCES (USES)					
Transfer to/from other funds	(164,439)	67,532	96,907	-	-
Installment financing proceeds	-	-	2,918,000	-	2,918,000
Total other financing sources (uses)	<u>(164,439)</u>	<u>67,532</u>	<u>3,014,907</u>	<u>-</u>	<u>2,918,000</u>
Net change in fund balance	447,780	1,214,648	2,141,651	-	3,804,079
Fund balances, beginning	8,945,037	-	-	-	8,945,037
Fund balances, ending	<u>\$ 9,392,817</u>	<u>\$ 1,214,648</u>	<u>\$ 2,141,651</u>	<u>\$ -</u>	<u>\$ 12,749,116</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, 2019

Exhibit 6

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

Net changes in fund balances - total governmental funds		\$ 3,804,079
<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	\$ 1,939,072	
Disposals, net book value	(27,235)	
Depreciation expense for governmental assets	<u>(3,480,437)</u>	(1,568,600)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		180,231
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		23,620
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in accrued interest receivable from taxes	(15,815)	
Change in unavailable revenue for tax revenues	(20,499)	
Amount of donated assets	<u>323,095</u>	286,781
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
New note payable obligations	<u>(2,918,000)</u>	(2,918,000)
<p>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.</p>		
Compensated absences		793
Pension expense		<u>(241,447)</u>
Total changes in net position of governmental activities		<u>\$ (432,543)</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 Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2019

Exhibit 7

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 3,914,200	\$ 3,914,200	\$ 4,036,118	\$ 121,918
Unrestricted intergovernmental	2,080,000	2,080,000	2,161,194	81,194
Restricted intergovernmental	411,200	411,200	412,418	1,218
Other taxes and licenses	44,400	44,400	23,004	(21,396)
Permits and fees	77,500	185,200	300,450	115,250
Investment earnings	60,600	60,600	160,338	99,738
Sales and services	17,000	17,000	13,467	(3,533)
Miscellaneous	105,600	105,600	9,794	(95,806)
Total revenues	<u>6,710,500</u>	<u>6,818,200</u>	<u>7,116,783</u>	<u>298,583</u>
Expenditures:				
Current:				
General government	1,074,000	1,294,000	1,175,978	118,022
Public safety	2,367,500	2,434,000	2,389,097	44,903
Transportation	871,600	1,035,300	729,619	305,681
Economic and physical development	397,900	466,900	405,282	61,618
Environmental protection	900,900	900,900	885,833	15,067
Public works	324,300	377,800	323,042	54,758
Cultural and recreational	716,800	802,800	595,713	207,087
Debt service:				
Interest	82,500	-	-	-
Contingency	25,000	11,500	-	11,500
Total expenditures	<u>6,760,500</u>	<u>7,323,200</u>	<u>6,504,564</u>	<u>818,636</u>
Revenues over (under) expenditures	<u>(50,000)</u>	<u>(505,000)</u>	<u>612,219</u>	<u>1,117,219</u>
Other financing sources (uses):				
Transfers to other funds	<u>(1,500,000)</u>	<u>(1,551,000)</u>	<u>(164,439)</u>	<u>1,386,561</u>
Total other financing sources (uses)	<u>(1,500,000)</u>	<u>(1,551,000)</u>	<u>(164,439)</u>	<u>1,386,561</u>
Fund balance appropriated	<u>1,550,000</u>	<u>2,056,000</u>	<u>-</u>	<u>(2,056,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	447,780	<u>\$ 447,780</u>
Fund balances, beginning			8,945,037	
Fund balances, ending			<u>\$ 9,392,817</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, 2019**

Exhibit 8

	Major Enterprise Fund	
	Storm Water Fund	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,329,323	\$ 1,329,323
Fees receivable	3,655	3,655
Accounts receivable	-	-
Total current assets	1,332,978	1,332,978
Noncurrent assets:		
Capital assets:		
Land and construction in progress	32,811	32,811
Capital assets, net of depreciation	353,080	353,080
Capital assets	385,891	385,891
Total noncurrent assets	385,891	385,891
Total assets	1,718,869	1,718,869
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	17,307	17,307
Total deferred outflows of resources	17,307	17,307
LIABILITIES		
Current liabilities:		
Accounts payable	35,994	35,994
Compensated absences	4,383	4,383
Due to other funds	2,798	2,798
Unearned revenue	723	723
Total current liabilities	43,898	43,898
Noncurrent liabilities:		
Net pension liability	21,169	21,169
Total noncurrent liabilities	21,169	21,169
Total liabilities	65,067	65,067
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	548	548
Total deferred inflows of resources	548	548
NET POSITION		
Net investment in capital assets	385,891	385,891
Unrestricted	1,284,670	1,284,670
Total net position	\$ 1,670,561	\$ 1,670,561

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, 2019

Exhibit 9

	Major Enterprise Fund	
	Storm Water Fund	Total
OPERATING REVENUES		
Storm water fees and interest	\$ 474,935	\$ 474,935
Total operating revenues	474,935	474,935
OPERATING EXPENSES		
Salaries and employee benefits	85,467	85,467
Repairs and maintenance	159,860	159,860
Professional fees	17,371	17,371
Miscellaneous expenses	1,136	1,136
Depreciation	10,465	10,465
Total operating expenses	274,299	274,299
Income (loss) before contributions	200,636	200,636
Capital contributions	213,392	213,392
Change in net position	414,028	414,028
Total net position, beginning	1,256,533	1,256,533
Total net position, ending	\$ 1,670,561	\$ 1,670,561

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, 2019**

Exhibit 10

	Major Enterprise Fund	
	Storm Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 479,045	\$ 479,045
Cash paid for goods and services	(141,575)	(141,575)
Cash paid to or on behalf of employees for services	(84,899)	(84,899)
Net cash provided (used) by operating activities	252,571	252,571
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(292,063)	(292,063)
Capital contributions-annexation	213,392	213,392
Net cash used by capital and related financing activities	(78,671)	(78,671)
Net increase (decrease) in cash and cash equivalents	173,900	173,900
Balances, beginning	1,155,423	1,155,423
Balances, ending	1,329,323	1,329,323
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	200,636	200,636
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	10,465	10,465
Changes in assets and liabilities:		
(Increase) decrease in fees receivable	3,800	3,800
(Increase) decrease in accounts receivable	310	310
(Increase) decrease in deferred outflows of resources - pensions	(4,851)	(4,851)
Increase (decrease) in accounts payable	33,994	33,994
Increase (decrease) in compensated absences	(203)	(203)
Increase (decrease) in due to other funds	2,798	2,798
Increase (decrease) in unearned revenue	-	-
Increase (decrease) in net pension liability	5,733	5,733
Increase (decrease) in deferred inflows of resources - pensions	(111)	(111)
Total adjustments	51,935	51,935
Net cash provided by operating activities	\$ 252,571	\$ 252,571

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

Notes to Financial Statements



TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2019

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, 2019

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.

New Town Hall Building and Public Works Building Capital Project Fund. This fund is used to account for the construction costs for the new town hall and public works buildings.

The Town reports the following non-major governmental funds:

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

The Town reports the following major enterprise funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2019

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, 2019

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 - Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT – Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2019, the Term Portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

Restricted Cash

Governmental Activities

General Fund	
Powell Bill	\$ 361,424
Drug forfeiture	76,412
Escrow deposits	<u>7,984</u>
Total Restricted Cash	<u>\$ 445,820</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, 2018.

5. Allowance for Doubtful Accounts

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2019

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 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are recorded at cost or estimated historical cost.

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

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

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

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 2019 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 – 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, 2019

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 – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina Legislature in the 1930s that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted for State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included with RSS. RSS is included as a component of Restricted Net Position and Restricted fund balance on the face of the balance sheet.

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

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2019

I. Summary of Significant Accounting Policies (continued)

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

Committed for Parks and Recreation – committed for park improvements.

Committed for Chestnut Lane Roundabout – committed for construction cost sharing with NC DOT for Chestnut Lane Roundabout Expansion.

Capital Projects Fund – committed to construction of Stallings Town Park, the Potter/Pleasant Plains Intersection Improvement, and the construction of the New Town Hall Building and Public Works Building.

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.

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2019

I. Summary of Significant Accounting Policies (continued)

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.

II. Stewardship, Compliance, and Accountability

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

1. *Noncompliance with North Carolina General Statutes*

None

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

None

C. Excess of Expenditures over Appropriations

None

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2019

III. Detail Notes on All Funds (continued)

At June 30, 2019, the Town's deposits had a carrying amount of \$4,898,958 and a bank balance of \$4,906,911. Of the bank balance, \$502,978 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2019, the Town's petty cash fund totaled \$400.

2. Investments

At June 30, 2019, the Town had \$8,273,617 invested with the North Carolina Capital Management Trust's Government Portfolio and Term 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, 2019 was as follows:

	July 1, 2018	Additions	Retirements	June 30, 2019
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 958,331	\$ 20,057	\$ -	\$ 978,388
Construction in Progress	751,014	876,338	553,612	1,073,740
Total capital assets not being depreciated	<u>1,709,345</u>	<u>896,395</u>	<u>553,612</u>	<u>2,052,128</u>
Capital assets being depreciated:				
Buildings and improvements	1,965,070	286,880	84,012	2,167,938
Land improvements	2,993,530	110,727	9,800	3,094,457
Equipment	315,238	133,363	-	448,601
Computers and software	195,429	-	89,106	106,323
Vehicles	882,487	94,701	43,064	934,124
Infrastructure	31,545,540	870,793	-	32,416,333
Total capital assets being depreciated	<u>37,897,294</u>	<u>1,496,464</u>	<u>225,982</u>	<u>39,167,776</u>
Less accumulated depreciation:				
Buildings and improvements	630,578	57,229	57,525	630,282
Land improvements	1,177,559	201,123	9,800	1,368,882
Equipment	161,495	32,422	-	193,917
Computers and software	170,350	10,890	88,359	92,881
Vehicles	516,628	136,701	43,064	610,265
Infrastructure	21,711,872	3,042,072	-	24,753,944
Total accumulated depreciation	<u>24,368,482</u>	<u>\$ 3,480,437</u>	<u>\$ 198,748</u>	<u>27,650,171</u>
Total capital assets being depreciated, net	<u>13,528,812</u>			<u>11,517,605</u>
Governmental activities capital assets, net	<u>\$ 15,238,157</u>			<u>\$ 13,569,733</u>

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

General government	\$ 64,081
Public safety	146,124
Transportation	3,046,631
Public works	7,163
Cultural and recreational	216,438
Total depreciation expense	<u>\$ 3,480,437</u>

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2019

III. Detail Notes on All Funds (continued)

	July 1, 2018	Additions	Retirements	June 30, 2019
Business-type activities:				
Storm Water Fund				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 32,811	\$ -	\$ 32,811
Total capital assets not being depreciated	-	32,811	-	32,811
Capital assets being depreciated:				
Infrastructure	108,837	259,252	-	368,089
Total capital assets being depreciated	108,837	259,252	-	368,089
Less accumulated depreciation:				
Infrastructure	4,544	10,465	-	15,009
Total accumulated depreciation	4,544	\$ 10,465	-	15,009
Total capital assets being depreciated, net	104,293			353,080
Business-type capital assets, net	\$ 104,293			\$ 385,891

Construction Commitments

The Town has active construction projects as of June 30, 2019. 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	\$ 1,741,905	\$ 1,083,095
New Town Hall and Public Works Buildings	873,384	2,517,216
Total	\$ <u>2,615,289</u>	\$ <u>3,600,311</u>

B. Liabilities

1. Accounts Payable – Disaggregate Information

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 345,888	\$ 90,107	\$ 435,995
Other governmental	195,231	-	195,231
Total governmental activities	\$ 541,119	\$ 90,107	\$ 631,226
Business-type Activities:			
Storm Water	\$ 35,178	\$ 816	\$ 35,994
Total business-type activities	\$ 35,178	\$ 816	\$ 35,994

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2019

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.

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 year ended June 30, 2019 was 8.50% of compensation for law enforcement officers and 7.86% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2019

III. Detail Notes on All Funds (continued)

finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$180,231 for the year ended June 30, 2019.

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, 2019, the Town reported a liability of \$748,712 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018 (measurement date), the Town's proportion was 0.03156%, which was a decrease of 0.00239% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$211,215. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 115,508	\$ 3,876
Changes of assumptions	198,679	-
Net difference between projected and actual earnings on pension plan investments	102,775	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	15,967	13,815
Town contributions subsequent to the measurement date	180,231	-
Total	\$ 613,160	\$ 17,691

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2019

III. Detail Notes on All Funds (continued)

\$180,231 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 200,747
2021	130,980
2022	26,343
2023	57,171
2024	-
Thereafter	-
Total	<u>\$ 415,241</u>

Actuarial Assumptions. The total pension liability in the December 31, 2017 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 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2017 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, 2018 are summarized in the following table:

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2019

III. Detail Notes on All Funds (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 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 7.20%. 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 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 1,798,469	\$ 748,712	\$ (128,483)

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, 2019

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, 2017, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not receiving benefits	-
Active plan members	<u>20</u>
Total	<u>21</u>

2. *Summary of Significant Accounting Policies*

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statement 73.

3. *Actuarial Assumptions*

The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 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, 2017.

Mortality rates are based on the RP-2014 Mortality tables with adjustments of 104% for males and 100% for females.

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2019

III. Detail Notes on All Funds (continued)

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$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, 2019, the Town reported a total pension liability of \$503,015. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$30,232.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 56,565
Changes of assumptions	17,502	18,978
Town benefit payments and plan administrative expense made subsequent to the measurement date	13,311	-
Total	<u>\$ 30,813</u>	<u>\$ 75,543</u>

\$13,311 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ (13,045)
2021	(13,045)
2022	(13,045)
2023	(11,813)
2024	(7,093)
Thereafter	-
Total	<u>\$ (58,041)</u>

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.64 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 (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 537,635	\$ 503,015	\$ 471,212

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2019

III. Detail Notes on All Funds (continued)

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

	2019
Beginning balance	\$ 524,452
Service cost	27,408
Interest on the total pension liability	16,259
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(28,980)
Changes of assumptions or other inputs	(16,258)
Benefit payments	(19,866)
Other changes	-
Ending balance of the total pension liability	\$ 503,015

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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 211,215	\$ 30,232	\$ 241,447
Pension Liability	\$ 748,712	\$ 503,015	\$ 1,251,727
Proportionate share of the net pension liability	0.03156%	n/a	

Deferred Outflows of Resources

Differences between expected and actual experience	\$ 115,508	\$ -	\$ 115,508
Changes of assumptions	198,679	17,502	216,181
Net difference between projected and actual earnings on plan investments	102,775	-	102,775
Changes in proportion and differences between contributions and proportionate share of contributions	15,967	-	15,967
Benefit payments and administrative costs paid subsequent to the measurement date	180,231	13,311	193,542

Deferred Inflows of Resources

Differences between expected and actual experience	\$ 3,876	\$ 56,565	\$ 60,441
Changes of assumptions	-	18,978	18,978
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	13,815	-	13,815

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2019

III. Detail Notes on All Funds (continued)

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.

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, 2019 were \$94,066, which consisted of \$57,222 from the Town and \$36,844 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, 2019 were \$92,969, which consisted of \$38,168 from the Town and \$54,801 from non-law enforcement employees.

5. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2019

III. Detail Notes on All Funds (continued)

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	\$	180,231
Benefit payments made and administrative expenses for LEOSA		13,311
Differences between expected and actual experience		115,508
Changes of assumptions		216,181
Net difference between projected and actual		102,775
Changes in proportion and differences between employer contributions and proportionate share of contributions		15,967
Total	<u>\$</u>	<u>643,973</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Prepaid taxes (General Fund)	\$ 323	\$ 323
Taxes receivable, less penalties (General Fund)	-	18,316
Changes in assumptions	18,978	-
Differences between expected and actual experience	60,441	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,815	-
Total	<u>\$ 93,557</u>	<u>\$ 18,639</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	\$5,000,000 aggregate	\$5,000,000 each occurrence
Public Officials Liability	\$5,000,000 aggregate	\$5,000,000 each claim
Police Professional Liability	\$5,000,000 aggregate	\$5,000,000 each occurrence
Employment Practice Liability	\$5,000,000 aggregate	\$5,000,000 each claim
Employee Benefits Liability	\$5,000,000 aggregate	\$5,000,000 each claim
Business Auto	\$5,000,000 each accident	
Workman's Compensation	Up to statutory limits	

In addition, the Town has property insurance which covers the Town's listed values for assets on the policy as well as flood and earthquake insurance with a coverage amount of \$4,887,842 with a \$2,500 deductible.

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2019

III. Detail Notes on All Funds (continued)

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, 2019, the Town was the defendant to various lawsuits. In the opinion of the Town's management and the Town attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

9. Long-Term Obligations

a. Installment Purchase

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

Annual debt service payments of the installment purchase as of June 30, 2019, including \$529,515 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 291,800	\$ 98,151
2021	291,800	88,083
2022	291,800	78,015
2023	291,800	67,947
2024	291,800	57,882
2025-2029	1,459,000	139,437
	<u>\$ 2,918,000</u>	<u>\$ 529,515</u>

At June 30, 2019, the Town had a legal debt margin of \$146,314,791.

b. Changes in Long-Term Liabilities

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Current Portion</u>
Governmental Activities:					
Direct Placement Installment Purchase	\$ -	\$ 2,918,000	\$ -	\$ 2,918,000	\$ 291,800
Compensated absences	159,619	158,826	159,619	158,826	158,826
Net pension liability (LGERS)	503,227	224,316	-	727,543	-
Total pension liability (LEO)	<u>524,452</u>	<u>-</u>	<u>21,437</u>	<u>503,015</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 1,187,298</u>	<u>\$ 3,301,142</u>	<u>\$ 181,056</u>	<u>\$ 4,307,384</u>	<u>\$ 450,626</u>

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2019

III. Detail Notes on All Funds (continued)

Business-type Activities:

Storm Water Fund					
Compensated absences	\$ 4,586	\$ 4,383	\$ 4,586	\$ 4,383	\$ 4,383
Net pension liability (LGERS)	15,436	5,733	-	21,169	-
Total Storm Water Fund	<u>20,022</u>	<u>10,116</u>	<u>4,586</u>	<u>25,552</u>	<u>4,383</u>
Total business-type activities					
long-term liabilities	\$ <u>20,022</u>	\$ <u>10,116</u>	\$ <u>4,586</u>	\$ <u>25,552</u>	\$ <u>4,383</u>

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

b. Interfund Balance and Activity

Transfers to/from other funds at June 30, 2019 consist of the following:

From the General Fund to the Potter/Pleasant Plains Capital Project Fund for right of way acquisition and services	\$ 67,532
From the General Fund to the New Town Hall Building and Public Works Building Capital Project Fund for additional construction expenses	<u>96,907</u>
Total	<u>\$ 164,439</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.

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>\$ 9,392,817</u>
Less:	
Stabilization by State Statute	462,389
Streets - Powell Bill	239,450
Drug Forfeiture Fund	25,545
Parks and Recreation	374,474
Chestnut Lane Roundabout	350,000
Subsequent Year Expenditures	2,016,800
Minimum Fund Balance Policy	<u>2,654,040</u>
Remaining Fund Balance	<u>\$ 3,270,119</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.

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2019

III. Detail Notes on All Funds (continued)

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. As of June 30, 2019, the Town had the following encumbrances:

Governmental Activities:	
General Fund	\$ 139,187
Potter/Pleasant Plains Intersection Capital Project Fund	7,850
New Town Hall Building and Public Works Building Capital Project Fund	2,394,925
Total governmental activities	<u>\$ 2,541,962</u>
Business-Type Activities:	
Storm Water Fund	<u>\$ 52,000</u>
Total business-type activities	<u>\$ 52,000</u>

E. Summary Disclosure of Commitments

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

The Town entered into a contract for the support and service of all Town printing, scanning, and document management equipment. The contract commenced on September 2018 and has an expiration date of September 2023.

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 23, 2019, the date the financial statements were made available to be issued. No subsequent events of note occurred during this period.

H. Restatement

Prior Period Adjustment

During the fiscal year ended June 30, 2019, the Town received reimbursement for expenditures to obtain easements for road improvements. These expenditures were previously recorded in construction in progress amounted to \$422,919. The Town will not own any portion of the improvements or maintain the improvements after completion. Therefore, an adjustment to beginning net position has been made to remove these expenditures from construction in progress.

Required Supplementary Financial Data

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

- Schedule of Proportionate Share of Net Pension Asset - Local Governments Employees' Retirement System
- Schedule of Contributions - 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 Six Fiscal Years
From Inception and For the Fiscal Year Ended June 30, 2019

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Stallings' proportion of the net pension liability (asset) (%)	0.03156%	0.03395%	0.0308%	0.0318%	0.0309%	0.0306%
Stallings' proportion of the net pension liability (asset) (\$)	\$ 748,712	\$ 518,663	\$ 653,679	\$ 142,761	\$ (180,285)	\$ 372,464
Stallings' covered payroll	\$ 2,083,532	\$ 2,055,502	\$ 1,800,336	\$ 1,692,841	\$ 1,625,913	\$ 976,960
Stallings' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.93%	25.23%	36.31%	8.43%	-11.09%	38.12%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	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 Six Fiscal Years**

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 180,231	\$ 166,784	\$ 159,297	\$ 126,958	\$ 124,306	\$ 116,602
Contributions in relation to the contractually required contribution	<u>180,231</u>	<u>166,784</u>	<u>159,297</u>	<u>126,958</u>	<u>124,306</u>	<u>116,602</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stallings' covered payroll	\$ 2,200,303	\$ 2,083,532	\$ 2,055,502	\$ 1,800,336	\$ 1,692,841	\$ 1,625,913
Contributions as a percentage of covered payroll	8.19%	8.00%	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, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 524,452	\$ 523,764	\$ 508,487
Service cost	27,408	23,192	27,802
Interest on the total pension liability	16,259	19,834	17,798
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(28,980)	(48,748)	-
Changes of assumptions or other inputs	(16,258)	26,276	(10,457)
Benefit payments	(19,866)	(19,866)	(19,866)
Other changes	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance of the total pension liability	<u>\$ 503,015</u>	<u>\$ 524,452</u>	<u>\$ 523,764</u>

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

Town of Stallings
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 503,015	\$ 524,452	\$ 523,764
Covered payroll	1,026,657	1,062,451	1,191,875
Total pension liability as a percentage of covered payroll	49.00%	49.36%	43.94%

Notes to the schedules:

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

Individual Fund Statements and Schedules



Town of Stallings
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2019

Schedule 1

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ 3,907,000	\$ 4,024,259	
Penalties and interest	7,200	11,859	
Total	<u>3,914,200</u>	<u>4,036,118</u>	<u>\$ 121,918</u>
Other taxes and licenses:			
Gross receipts tax - vehicle rental	44,400	23,004	
Total	<u>44,400</u>	<u>23,004</u>	<u>(21,396)</u>
Unrestricted intergovernmental:			
Local option sales tax	1,200,000	1,259,345	
Utilities sales tax	810,000	832,275	
Beer and wine tax	70,000	69,574	
Total	<u>2,080,000</u>	<u>2,161,194</u>	<u>81,194</u>
Restricted intergovernmental:			
Powell Bill allocation	400,000	399,455	
Solid waste disposal tax	11,200	11,963	
Governor's Crime Commission Grant	-	1,000	
Total	<u>411,200</u>	<u>412,418</u>	<u>1,218</u>
Permits and fees:			
Zoning fees	92,000	137,033	
Fees in Lieu of Park Land	0	44,431	
Civil citations	2,500	3,050	
Public safety fees	3,000	2,736	
Traffic impact analysis fees	87,700	113,200	
Total	<u>185,200</u>	<u>300,450</u>	<u>115,250</u>
Sales and services:			
Rent	13,200	8,792	
Festival/event sales	3,800	4,675	
Total	<u>17,000</u>	<u>13,467</u>	<u>(3,533)</u>
Investment earnings	<u>60,600</u>	<u>160,338</u>	<u>99,738</u>
Miscellaneous:			
Insurance reimbursements	-	1,981	
Park fees and contributions	72,000	15	
Miscellaneous revenues	33,600	7,798	
Total	<u>105,600</u>	<u>9,794</u>	<u>(95,806)</u>
Total revenues	<u>6,818,200</u>	<u>7,116,783</u>	<u>298,583</u>

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, 2019

Schedule 1
cont

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General government:			
Governing body:			
Salaries - elected officials		38,754	
Administration:			
Salaries and employee benefits		511,872	
Operating expenditures		264,332	
Contracted services		142,804	
Capital outlay		218,216	
Total	<u>1,294,000</u>	<u>1,175,978</u>	<u>118,022</u>
Public safety:			
Police:			
Salaries and employee benefits		1,867,114	
Operating expenditures		299,697	
Contracted services		7,500	
Capital outlay		214,786	
Total	<u>2,434,000</u>	<u>2,389,097</u>	<u>44,903</u>
Transportation:			
Streets and highways:			
Salaries and employee benefits		87,003	
Operating expenditures		107,874	
Contracted services		102,282	
Capital outlay		432,460	
Total	<u>1,035,300</u>	<u>729,619</u>	<u>305,681</u>
Environmental protection:			
Contracted services	<u>900,900</u>	<u>885,833</u>	<u>15,067</u>
Economic and physical development:			
Salaries and employee benefits		221,110	
Operating expenditures		28,476	
Contracted services		155,696	
Total	<u>466,900</u>	<u>405,282</u>	<u>61,618</u>
Public works;			
Salaries and employee benefits		162,555	
Operating expenditures		66,578	
Contracted services		40,180	
Capital outlay		53,729	
Total	<u>377,800</u>	<u>323,042</u>	<u>54,758</u>
Cultural and recreation:			
Salaries and employee benefits		196,756	
Operating expenditures		156,483	
Contracted services		95,977	
Capital outlay		146,497	
Total	<u>802,800</u>	<u>595,713</u>	<u>207,087</u>

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, 2019

Schedule 1
cont

	Budget	Actual	Variance Positive (Negative)
Contingency	11,500	-	
Total	11,500	-	11,500
Total expenditures	7,323,200	6,504,564	818,636
Revenues over (under) expenditures	(505,000)	612,219	1,117,219
Other financing sources (uses):			
Transfer from General Fund	(1,551,000)	(164,439)	1,386,561
Total	(1,551,000)	(164,439)	1,386,561
Fund balance appropriated	2,056,000	-	(2,056,000)
Net change in fund balance	\$ -	447,780	\$ 447,780
Fund balances, beginning		8,945,037	
Fund balances, ending		\$ 9,392,817	

**Town of Stallings
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019**

Schedule 2

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

Town of Stallings
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2019

Schedule 3

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

Town of Stallings
Stallings Municipal Park Capital Project Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2019

Schedule 4

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

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, 2019

Schedule 5

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
NC DOT Spot Safety Grant	\$ 829,000	\$ -	\$ 1,215,505	\$ 1,215,505	\$ 386,505
Union County	300,000	-	-	-	(300,000)
Total Revenues	<u>1,129,000</u>	<u>-</u>	<u>1,215,505</u>	<u>1,215,505</u>	<u>86,505</u>
Expenditures:					
Transportation	2,000,000	1,673,516	68,389	1,741,905	258,095
Total Expenditures	<u>2,000,000</u>	<u>1,673,516</u>	<u>68,389</u>	<u>1,741,905</u>	<u>258,095</u>
Revenues over (under) expenditures	<u>(871,000)</u>	<u>(1,673,516)</u>	<u>1,147,116</u>	<u>(526,400)</u>	<u>344,600</u>
Other financing sources:					
Transfer from General Fund	871,000	1,673,516	67,532	1,741,048	870,048
Total other financing sources	<u>871,000</u>	<u>1,673,516</u>	<u>67,532</u>	<u>1,741,048</u>	<u>870,048</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,214,648</u>	<u>\$ 1,214,648</u>	<u>\$ 1,214,648</u>
Total fund balance:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ 1,214,648</u>		

Town of Stallings
New Town Hall Building and Public Works Building - 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, 2019

Schedule 6

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Interest	\$ -	\$ -	\$ 128	\$ 128	\$ 128
Total Revenues	<u>-</u>	<u>-</u>	<u>128</u>	<u>128</u>	<u>128</u>
Expenditures:					
General Government	2,652,127	-	683,146	683,146	1,968,981
Public Works	738,473	-	190,238	190,238	548,235
Total Expenditures	<u>3,390,600</u>	<u>-</u>	<u>873,384</u>	<u>873,384</u>	<u>2,517,216</u>
Revenues over (under) expenditures	<u>(3,390,600)</u>	<u>-</u>	<u>(873,256)</u>	<u>(873,256)</u>	<u>(2,517,088)</u>
Other financing sources:					
Transfer from General Fund	264,600	-	96,907	96,907	(167,693)
Transfer from Storm Water Fund	208,000	-	-	-	(208,000)
Installment Financing Proceeds	2,918,000	-	2,918,000	2,918,000	-
Total other financing sources	<u>3,390,600</u>	<u>-</u>	<u>3,014,907</u>	<u>3,014,907</u>	<u>(375,693)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,141,651</u>	<u>\$ 2,141,651</u>	<u>\$ 2,141,651</u>
Total fund balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 2,141,651</u>		

Town of Stallings
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP) - Storm Water Fund
For the Fiscal Year Ended June 30, 2019

Schedule 7

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Residential and commercial fees		\$ 474,935	
Total revenues	\$ 500,500	474,935	\$ (25,565)
Expenditures:			
Salaries and employee benefits		84,899	
Professional fees		17,371	
Other operating expenditures		160,995	
Capital Outlay		78,671	
Total expenditures	500,500	341,936	158,564
Revenues over (under) expenditures	-	132,999	132,999
Fund balance appropriated	-	-	-
Expenditures over revenues	\$ -	132,999	\$ 132,999
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		78,671	
Depreciation		(10,465)	
Capital contributions		213,392	
Increase in deferred outflows of resources - pensions		4,851	
Increase in net pension liability		(5,733)	
Decrease in deferred inflows of resources - pensions		111	
Decrease in accrued vacation pay		202	
Change in net position		\$ 414,028	



Other Schedules



Town of Stallings
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

Schedule 8

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 4,022,614	\$ 4,015,106	\$ 7,508
2017-2018	6,195	-	4,898	1,297
2016-2017	2,722	-	2,001	721
2015-2016	2,250	-	1,940	310
2014-2015	3,730	-	933	2,797
2013-2014	2,564	-	-	2,564
2012-2013	1,098	-	-	1,098
2011-2012	479	-	-	479
2010-2011	938	-	-	938
2009-2010	606	-	-	606
2008-2009	18,233	-	18,233	-
	<u>\$ 38,815</u>	<u>\$ 4,022,614</u>	<u>\$ 4,043,111</u>	<u>\$ 18,318</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 4,036,118
Amounts written off per Statute of Limitations	18,233
Interest and penalties collected	(11,859)
Adjustments	<u>619</u>
Total collections and credits	<u>\$ 4,043,111</u>

**Town of Stallings
Analysis of Current Tax Levy
Town-Wide Levy
June 30, 2019**

Schedule 9

	Town-Wide Levy			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 1,673,210,608	\$ 0.215	\$ 3,608,859	\$ 3,608,859	\$ -
Registered motor vehicles	190,368,941	0.215	409,820	-	409,820
Total	<u>1,863,579,549</u>		<u>4,018,679</u>	<u>3,608,859</u>	<u>409,820</u>
Discoveries	2,671,805	0.215	5,744	5,744	-
Releases	(841,470)	0.215	(1,809)	(1,809)	-
Total property valuation	<u>\$ 1,865,409,884</u>				
Net levy			<u>4,022,614</u>	<u>3,612,794</u>	<u>409,820</u>
Uncollected taxes at June 30, 2019			<u>(7,508)</u>	<u>(6,475)</u>	<u>(1,033)</u>
Current year's taxes collected			<u>\$ 4,015,106</u>	<u>\$ 3,606,319</u>	<u>\$ 408,787</u>
Current levy collection percentage			<u>99.81%</u>	<u>99.82%</u>	<u>99.75%</u>

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.

Contents	Pages
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.	64-68
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property taxes.	69-72
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.	73-76
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.	77-78
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.	79-81



Financial Trends



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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Primary government										
Governmental Activities										
Net investment in capital assets	\$ 11,235,157	\$ 22,711,108	\$ 23,143,705	\$ 21,382,155	\$ 19,006,919	\$ 20,423,290	\$ 18,692,634	\$ 17,494,027	\$ 15,238,157	\$ 10,651,733
Restricted	-	560,270	544,028	399,027	649,079	635,132	931,408	1,286,181	881,186	727,384
Unrestricted	<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>	<u>7,305,426</u>	<u>11,190,190</u>
Total Net Position	17,617,162	29,821,923	28,646,670	27,293,176	26,254,557	28,587,531	27,696,717	26,822,086	23,424,769	22,569,307
Business-type Activities										
Net investment in capital assets	-	-	-	-	-	-	-	63,680	104,293	385,891
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<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>	<u>1,152,240</u>	<u>1,284,670</u>
Total Net Position	153,038	299,734	322,191	393,880	299,429	606,727	699,830	945,098	1,256,533	1,670,561
 Total primary government net position	 <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>	 <u>\$ 24,681,302</u>	 <u>\$ 24,239,868</u>

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Expenses										
Governmental activities:										
General government	\$ 970,323	\$ 923,909	\$ 934,876	\$ 424,898	\$ 952,887	\$ 977,476	\$ 1,089,163	\$ 1,167,904	\$ 1,068,861	\$ 1,087,177
Public safety	1,940,871	1,791,967	1,787,983	2,001,411	1,886,133	1,859,414	2,046,085	2,234,108	2,318,412	2,314,035
Transportation	1,204,617	2,317,123	2,774,386	2,954,697	2,836,426	2,696,181	3,160,071	3,204,115	4,461,415	3,411,976
Economic and physical development	210,325	253,791	225,086	219,862	227,831	139,329	195,538	352,857	483,469	402,097
Environmental protection	998,198	1,010,447	808,458	832,879	859,831	903,601	912,934	885,217	906,820	885,833
Cultural and recreation	140,266	138,438	120,499	776,752	509,513	479,700	564,240	624,931	689,156	672,099
Public Works	-	-	-	-	-	-	-	-	138,979	278,521
Interest on long term debt	38,937	36,066	23,123	1,218	-	-	-	-	-	-
Business-type activities:										
Stormwater	<u>392,876</u>	<u>81,008</u>	<u>212,827</u>	<u>164,700</u>	<u>331,544</u>	<u>167,320</u>	<u>388,383</u>	<u>243,248</u>	<u>182,369</u>	<u>274,299</u>
Total primary government expenses	<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>	<u>\$ 10,249,481</u>	<u>\$ 9,326,037</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	-	-	-	-	1,200	1,100	800	-	300	4,807
Public safety	5,037	3,217	6,561	8,693	6,515	5,429	6,219	3,345	4,036	2,736
Economic and physical development	19,114	13,541	21,508	31,499	41,820	82,049	96,409	62,855	78,807	137,033
Environmental protection	-	-	1,003	-	-	-	-	-	-	-
Cultural and recreation	4,111	2,505	-	17,634	151,872	75,390	62,066	124,881	14,687	56,141
Transportation	-	-	-	-	-	-	-	-	-	113,200
Stormwater	223,549	227,489	235,087	236,244	236,949	474,505	481,394	488,516	493,804	474,935
Operating grants and contributions:										
Public safety	25,520	2,473	973	63,962	156,468	29,827	505,762	39,889	1,859	1,000
Economic and physical development	-	-	9,009	8,012	-	-	-	-	-	-
Environmental protection	-	-	-	-	8,086	8,068	11,994	10,407	10,493	11,963
Cultural and recreation	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	347,052	360,731	368,285	375,211	558,002	393,611	399,228	1,614,960
Interest on long term debt	-	294,922	-	-	-	-	-	-	-	-
Capital grants and contributions:										
Cultural and recreation	-	-	-	3,750	-	-	-	14,200	-	12,500
Public safety	-	-	-	-	6,200	46,701	-	-	-	-
Transportation	292,559	-	-	94,919	35,774	3,371,018	-	1,119,132	-	310,595
Stormwater	-	-	-	-	-	-	-	-	-	213,392
Total governmental activities program revenues	<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>	<u>1,003,214</u>	<u>2,953,262</u>
Net (expense)/revenue										
Total governmental activities net (expense)/revenue	<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>	<u>(9,246,267)</u>	<u>(6,372,775)</u>

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
<i>Taxes:</i>										
Property taxes	3,374,941	3,452,532	3,504,671	3,534,525	3,677,957	3,697,772	3,705,616	3,819,553	3,909,481	3,999,804
Other Taxes and licenses	-	-	-	-	-	-	-	-	2,117,572	2,184,198
Unrestricted intergovernmental revenues	-	-	-	-	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	-	13,298,648	-	-	-	-	-	-	-	-
Unrestricted investment earnings	26,689	22,126	13,269	10,320	8,587	7,348	15,849	35,226	86,035	149,508
Restricted investment earnings	1,595	907	1,611	450	41	122	1,541	1,885	4,491	10,958
Miscellaneous	9,589	73,423	12,036	47,571	37,317	36,629	35,824	151,590	35,977	9,792
Gain / Loss on sale of capital assets	-	-	(27,975)	2,317	-	(4,100)	60,250	7,062	6,829	-
Total governmental activities general revenues	<u>3,412,814</u>	<u>16,847,636</u>	<u>3,503,612</u>	<u>3,595,183</u>	<u>3,723,902</u>	<u>3,737,771</u>	<u>3,819,080</u>	<u>4,015,316</u>	<u>6,160,385</u>	<u>6,354,260</u>
Change in Net Position										
Governmental activities	(342,024)	12,204,761	(1,175,253)	(1,353,494)	(1,038,619)	2,588,834	(890,814)	(629,435)	(3,397,317)	(18,515)
Business-type activities	(169,056)	146,696	22,457	71,689	(94,451)	307,298	93,103	245,268	311,435	-
Net position-beginning	18,281,280	17,770,200	30,121,657	28,968,861	27,687,056	26,553,986	29,194,258	28,396,547	27,767,184	24,681,302
Restatement	-	-	-	-	-	(255,860)	-	(245,196)	-	(422,919)
Net position-ending	<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>	<u>\$ 24,681,302</u>	<u>\$ 24,239,868</u>

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund										
Non-spendable										
Prepays	\$ -	\$ 19,275	\$ 17,624	\$ 196	\$ 754	\$ 135,406	\$ 26,288	\$ -	\$ -	\$ -
Restricted										
Stabilization by State Statute	248,271	227,547	195,700	228,966	211,796	249,413	285,214	667,933	601,599	462,389
Streets - Powell Bill	-	189,356	348,328	170,061	373,424	320,121	251,888	313,445	153,094	239,450
Drug Forfeiture	-	-	-	-	63,859	65,598	394,306	304,803	126,493	25,545
Committed										
Law Enforcement Separation Allowance	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	330,043	374,474
Chestnut Lane Roundabout	-	-	-	-	-	-	-	-	350,000	350,000
Assigned										
Designated for subsequent year's expenditures	-	507,300	494,243	1,239,200	1,615,000	200,000	1,266,000	1,000,000	1,550,000	2,016,800
Minimum fund balance requirement	-	-	-	-	-	-	2,211,600	2,249,400	2,478,150	2,654,040
Unassigned										
Designated for parks improvements	108,360	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	108,360	-	-	-	-	-	-	-	-
Unassigned	<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>	<u>3,355,658</u>	<u>3,270,119</u>
Total General Fund	<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>	<u>\$ 8,945,037</u>	<u>\$ 9,392,817</u>
All Other Governmental Funds										
Reserved for:										
Capital projects	<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>	<u>-</u>	<u>3,356,299</u>
Total all other governmental funds	<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>	<u>\$ -</u>	<u>\$ 3,356,299</u>

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues										
Ad valorem taxes	\$ 3,388,432	\$ 3,448,134	\$ 3,499,611	\$ 3,544,630	\$ 3,672,033	\$ 3,695,103	\$ 3,720,553	\$ 3,817,785	\$ 3,913,632	\$ 4,036,118
Other taxes and licenses	797,567	807,645	892,407	934,963	74,281	80,587	38,209	42,555	38,287	23,004
Unrestricted intergovernmental	596,662	696,450	717,230	739,022	1,659,743	1,831,497	1,978,768	2,013,506	2,079,285	2,161,194
Restricted intergovernmental	326,479	305,723	357,034	432,705	532,839	459,807	1,075,758	507,625	411,580	1,627,923
Permits and fees	19,270	22,692	28,069	40,192	179,440	140,191	145,173	180,042	85,143	300,450
Rental income	-	-	-	-	-	-	-	-	-	-
Fees in lieu of park land	-	-	-	-	-	-	-	-	-	-
Sales and services	4,111	-	-	-	21,967	23,777	20,321	18,101	14,687	13,467
Investment earnings	28,013	22,818	14,683	10,625	8,484	7,357	17,298	37,111	90,526	160,466
Miscellaneous	14,470	70,904	35,563	71,272	37,317	36,629	96,070	151,590	46,562	9,794
Total revenues	<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>	<u>6,679,702</u>	<u>8,332,416</u>
Expenditures										
General government	873,937	850,471	849,474	825,843	907,226	937,940	1,151,216	1,088,485	997,495	957,762
Public safety	1,796,706	1,637,899	1,698,141	1,892,499	1,776,382	1,795,748	1,841,215	2,083,637	2,148,102	2,174,311
Transportation	251,589	345,731	396,646	552,087	639,084	380,415	1,524,683	351,139	1,486,959	365,548
Environmental protection	998,198	1,010,447	808,458	832,879	859,831	903,601	912,934	885,217	906,820	885,833
Economic and physical development	210,325	253,791	225,086	219,862	227,831	146,378	193,851	348,067	478,897	405,282
Culture and recreation	168,954	306,402	2,187,083	633,693	332,132	483,064	385,890	577,026	470,477	449,216
Public Works	-	-	-	-	-	-	-	-	133,334	269,313
Debt service:										
Principal	172,776	180,900	821,055	19,958	-	-	-	-	-	-
Interest	38,937	36,066	23,123	1,218	-	-	-	-	-	-
Capital outlay:										
General government	-	-	-	-	-	6,600	-	17,260	197,402	901,362
Public safety	83,608	78,599	128,781	83,587	100,405	130,282	209,780	202,206	283,691	214,786
Transportation	949,199	-	-	271,466	-	395,143	-	611,674	519,060	432,460
Economic and physical development	-	-	-	-	-	-	-	-	11,397	-
Culture and recreation	50,632	-	-	-	-	5,514	-	-	73,194	146,497
Public Works	-	-	-	-	-	-	-	-	67,077	243,967
Total expenditures	<u>5,594,861</u>	<u>4,700,306</u>	<u>7,137,847</u>	<u>5,333,092</u>	<u>4,842,891</u>	<u>5,184,685</u>	<u>6,219,569</u>	<u>6,164,711</u>	<u>7,773,905</u>	<u>7,446,337</u>
Excess of revenues over (under) expenditures	(419,857)	674,060	(1,593,250)	440,317	1,343,213	1,090,263	872,581	603,604	(1,094,203)	886,079
Other financing sources (uses)										
Debt issued, capitalized leases	83,608	59,947	-	-	-	-	-	-	-	2,918,000
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>83,608</u>	<u>59,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,918,000</u>
Net change in fund balances	<u>\$ (336,249)</u>	<u>\$ 734,007</u>	<u>\$ (1,593,250)</u>	<u>\$ 440,317</u>	<u>\$ 1,343,213</u>	<u>\$ 1,090,263</u>	<u>\$ 872,581</u>	<u>\$ 603,604</u>	<u>\$ (1,094,203)</u>	<u>\$ 3,804,079</u>
Debt services as a percentage of noncapital expenditures	<u>3.8%</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>	<u>0.0%</u>	<u>0.0%</u>



Revenue Capacity



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

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Companies (2)	Total Taxable Assessed Value	Total Direct Tax Rate
<i>Combined Union and Mecklenburg County Totals</i>					
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	9,363,114	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
2018	1,510,202,727	284,051,810	16,671,927	1,810,926,464	0.2150
2019	1,566,050,247	283,345,965	16,013,672	1,865,409,884	0.2150

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Mecklenburg County	\$ 0.8387	\$ 0.8387	\$ 0.8166	\$ 0.7922	\$ 0.8157	\$ 0.8157	\$ 0.8157	\$ 0.8157	\$ 0.8157	\$ 0.8232
Union County	\$ 0.6650	\$ 0.6650	\$ 0.6650	\$ 0.6600	\$ 0.6600	\$ 0.7614	\$ 0.7765	\$ 0.7665	\$ 0.7810	\$ 0.7309
Municipality Rates:										
Town of Stallings	0.2150	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 2019			Fiscal Year 2010		
		Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
		Value		Value	Value		Value
Berry Global Films, LLC (formerly AEP Industries Inc)	Manufacturer	38,090,716	1	2.04%	32,474,991	1	2.07%
T&C of NC LLC	Automotive Showroom	15,512,400	2	0.83%	14,696,090	2	0.94%
Idlewild Phase 1 Retail Investors LLC	Retail/Shopping Center	14,787,300	3	0.79%	8,796,740	5	0.56%
McGee Corporation	Corporate Headquarters	13,428,300	4	0.72%	7,747,830	7	0.49%
Triangle Properties Assoc LLC Et Al	Private	9,000,000	5	0.48%	10,983,750	3	0.70%
Keywell Metals LLC	Manufacturer	8,236,221	6	0.44%	-	-	-
CEM Limited LLC	Corporate Headquarters	7,289,232	7	0.39%	4,968,620	9	0.32%
Sovran Acquisition Limited	Storage Facility	4,999,200	8	0.27%	-	-	-
Interchange X LLC	Storage Facility	4,228,200	9	0.23%	5,714,970	8	0.36%
Silk Road Properties LLC	Commercial Real Estate	4,035,800	10	0.22%	-	-	-
Hallmark Properties VI Et Al	Retail Development	-	-	-	10,081,460	4	0.64%
Crosland Fairhaven LLC	Residential Development	-	-	-	8,465,600	6	0.54%
MAK Corporation of Monroe	Hotel	-	-	-	4,951,430	10	0.32%
Total		\$ 119,607,369		6.41%	\$ 108,881,481		6.93%

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

Fiscal Year Ended June 30	Total Levy for Fiscal Year (Original Year)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
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%	44,183	3,496,199	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%	31,944	3,655,534	99.93%
2015	3,688,886	3,664,902	99.35%	21,187	3,686,089	99.92%
2016	3,698,728	3,683,588	99.59%	14,830	3,698,418	99.99%
2017	3,817,650	3,805,186	99.67%	11,743	3,816,929	99.98%
2018	3,901,677	3,895,482	99.84%	4,898	3,900,380	99.97%
2019	4,022,614	4,015,106	99.81%	-	4,015,106	99.81%

Source: Town of Stalling Tax Records and Audited Financial Statements

Debt Capacity



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

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (1)	Percentage of Personal Income
2010	-	0.00%	-	-
2011	-	0.00%	-	-
2012	-	0.00%	-	-
2013	-	0.00%	-	-
2014	-	0.00%	-	-
2015	-	0.00%	-	-
2016	-	0.00%	-	-
2017	-	0.00%	-	-
2018	-	0.00%	-	-
2019	-	0.00%	-	-

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>			
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%
2018	-	-	-	-	0.00%
2019	-	2,918,000	2,918,000	184	0.74%

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)	\$ 2,918,000	100.00%	\$ 2,918,000
<i>Counties:</i>			
Union County (2)	328,977,920	6.98%	22,948,587
Mecklenburg County (3)	<u>1,659,268,330</u>	0.03%	<u>452,313</u>
Total direct and overlapping debt	<u>\$ 1,991,164,250</u>		<u>\$ 26,318,900</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 (\$1,829,119,188) and Union County (\$26,233,227,000).
Determined by ratio of assessed value of taxable property in the Town of Stallings (\$35,449,226) and Mecklenburg County (\$130,042,205,867).
- (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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Assessed Value of Property	\$ 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	\$ 1,810,926,464	\$ 1,865,409,884
Debt Limit, 8% of Assessed value (Statutory Limitation)	125,654,586	128,554,986	130,108,949	131,552,781	136,115,274	137,260,874	141,276,222	140,693,732	144,874,117	149,232,791
Debt applicable to debt limitations:										
Capital Leases	90,767	66,614	19,959	-	-	-	-	-	-	-
Notes Payable/Installment Purchases	871,200	774,400	-	-	-	-	-	-	-	2,918,000
Statutory Deductions	90,767	66,614	19,959	-	-	-	-	-	-	-
Total debt applicable to limitations	871,200	774,400	-	-	-	-	-	-	-	2,918,000
Legal debt limit	124,692,619	127,713,972	130,088,990	131,552,781	136,115,274	137,260,874	141,276,222	140,693,732	144,874,117	146,314,791
Total net debt applicable to the limit as a percentage of debt limit	<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>	<u>0.00%</u>	<u>1.96%</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.

Demographic and Economic Information



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

Fiscal Year	Population (1)	Total Personal Income (2)	Per Capita Personal Income (2)	Public School Enrollment (3)	Unemployment Rate (4)	Town Median Family Income	Median Age
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%	79,663	38.2
2016	15,270	-	46,456	620	5.2%	77,374	41.3
2017	15,515	-	46,842	573	3.8%	78,891	41.2
2018	15,647	-	47,729	541	3.7%	80,858	40.7
2019	15,892	-	49,648	620	3.6%	93,218	40.1

Sources:

- 1 United States Census Bureau
- 2 United States Department of Commerce, Bureau of Economic Analysis
- 3 Union County Public Schools, Enrollment Information Reports
- 4 North Carolina Department of Commerce, Labor & Economic Analysis Division

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

	<u>2019</u>			<u>2010</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)	274	1	19.87%	-	-	0.00%
Scott Clark Toyota	280	2	20.30%	-	-	0.00%
CEM Corporation	175	3	12.69%	-	-	0.00%
McGee Corporation	104	4	7.54%	-	-	0.00%
MMDi	104	5	7.54%	-	-	0.00%
Harris Teeter - Stevens Mill	72	6	5.22%	-	-	0.00%
Harris Teeter - Idlewild	138	7	10.01%	-	-	0.00%
Mario's Italian Restaurant & John's Place	80	8	5.80%	-	-	0.00%
International Construction Equipment	76	9	5.51%	-	-	0.00%
Stallings Elementary School	76	10	5.51%	-	-	0.00%

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

Operating Information



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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Function										
General government	12	12	12	11	11	10	12	11	15	12
Public safety	24	23	25	25	25	25	25	26	26	26
Cultural and recreation	<u>1</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>3</u>	<u>4</u>	<u>3</u>	<u>3</u>
Total	<u>37</u>	<u>36</u>	<u>39</u>	<u>39</u>	<u>40</u>	<u>39</u>	<u>40</u>	<u>41</u>	<u>44</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Parks and recreation										
Park facility	2	2	2	2	2	2	2	2	3	3
Park acreage	33.5	33.5	33.5	33.5	33.5	33.5	33.5	37.0	37.3	37.3
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Sworn officers	21	21	21	22	22	22	20	23	23	23
K-9 Unit	-	-	-	-	-	-	-	-	-	1
Civilians - Full-time	2	3	3	3	3	3	3	3	3	3
Patrol vehicles - marked	18	18	18	18	19	20	21	20	22	22
Patrol vehicles - unmarked	5	6	6	6	6	5	5	5	4	3
Public Works										
Town - maintained streets (miles)	34	44	44	44	44	51	51	53	53	53
Sidewalks (miles)	-	-	-	-	18	19	20	21	21	21

Sources: Asset records for departments of the Town

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

Functional Area	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Tax collection rate	98.73%	99.09%	99.06%	99.35%	99.59%	99.67%	99.84%	99.67%	99.84%	99.81%
Culture and Recreation										
Attendance at all events/programs/classes	2,085	1,225	7,595	7,400	5,965	8,835	11,345	18,166	12,632	10,415
Total of events/programs/classes	8	4	11	17	21	14	49	173	59	13
Public Safety										
Calls for service	8,810	8,721	12,506	11,622	12,371	12,836	11,402	11,166	9,976	9,723
Arrests	307	326	374	341	307	232	198	168	206	218
K-9 Assisted Arrests										8
Citations Issued	2,185	1,808	3,396	2,458	2,183	1,737	1,447	1,754	1,117	1,060
Community/Proactive Events	-	-	18,223	19,553	21,164	21,821	23,929	30,262	34,598	30,081
Public Works										
Miles of Streets/Sidewalks										
Town-maintained	34	44	44	44	44	51	51	53	53	53
Sidewalks	-	-	-	-	18	19	20	21	21	21
Traffic Impact Analysis	-	-	-	-	-	-	-	-	-	2
Economic and Physical Development										
Zoning Permit Activity	300	236	230	225	358	325	306	223	514	364

Sources: Annual reports from various departments of the Town

Note: Culture and Recreation department was temporarily relocated in the existing Town Hall for all of 2019 due to the demolition of their offices in the Civic building and the construction of the New Town Hall and Public Works buildings. The number of programs and events decreased significantly due to lack available space to continue holding these programs and classes. Also, the Stallings Municipal Park Fountain was under repair the entire summer season which further reduced activities.

K-9 Lily was added to the police force in 2019 therefore, no statistics are available before this time.



Compliance Section





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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stallings, North Carolina, as of and for the year ended June 30, 2019, 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 23, 2019.

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 is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

POTTER & Company, PA

Monroe, North Carolina
October 23, 2019

**TOWN OF STALLINGS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Section I. Summary of Auditors' Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes No

- Significant deficiency(s)? Yes None reported

Non-compliance material to financial statements noted?

Yes No

Section II. Financial Statement Findings

None reported.

**TOWN OF STALLINGS
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

Finding: 2018-1
Status: Corrected.

Town of Stallings
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-through to subrecipients	Local Expenditures
Federal Awards:					
<u>US Department of Justice</u>					
Passed-through the NC Department of Public Safety JAG Program:					
Bulletproof Vest Partnership	16.607	2,052	-	-	2,052
Total Assistance - Federal Programs		2,052	-	-	2,052
State Grants:					
<u>N.C. Department of Transportation</u>					
Powell Bill	n/a	-	323,930	-	-
Total Assistance - State Programs		-	323,930	-	-
Total Federal and State Assistance		\$ 2,052	\$ 323,930	\$ -	\$ 2,052

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, 2019. 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.





**Comprehensive Annual Financial Report
Fiscal Year Ended on June 30, 2018**