



**Town of**



**North Carolina**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2022**



**TOWN OF STALLINGS  
NORTH CAROLINA**

**Annual Comprehensive  
Financial Report**

**For the Fiscal Year  
Ended June 30, 2022**

**Prepared By  
Finance Team**



# **TOWN OF STALLINGS NORTH CAROLINA**

## **List of Principal Elected Officials Fiscal Year Ended June 30, 2022**

### **Town Council**

Wyatt Dunn - **Mayor**

David Scholl - **Mayor Pro Tempore**

Steven Ayers

Taylor-Rae Drake

Heather Grooms

Graham Hall

Brad Richardson

### **Administrative and Financial Staff**

Alex Sewell – Town Manager

Erinn Nichols – Assistant Town Manager/Town Clerk

Marsha Gross – Finance Officer

Karen Williams – HR Director



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## INTRODUCTORY SECTION

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





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Town of  
**Stallings**

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315 Stallings Road • Stallings, North Carolina 28104

November XX, 2022

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

We are proud to present the Annual Comprehensive Financial Report (ACFR) of the Town of Stallings for the fiscal year ended June 30, 2022. The ACFR 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 ACFR 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 9.21 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, 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 continued to update the park with shades and additional equipment to keep it a state and local award winning park for its design and popularity. The Parks and Recreation Department hosts 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, movie nights and other programs for children of all ages.

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 Government Building were completed in January 2020. The new Government Building is where the parks and recreation department offices are located as well as the new council chambers. The space provides a number of meeting rooms and lobby area with new technology that allows additional space for anyone who may attend the town's council meetings and events. Additionally, the Town has renovated the second floor of the "old" Town Hall for increased functionality which was completed on August 19, 2020.

Since 2019, the Town Council approved the purchase of three properties adjacent to the current Town Hall and Government Center to plan for future growth and a possible downtown district.

### 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 was 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 2021, the Town partnered with Atrium to have the first hospital built within the town limits. This facility is 150,000 square feet and has 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 20 percent of the budgeted annual expenditures. The growth in the economy and the strong fiscal oversight of the Town Council, Stallings has kept the Town's fund balance well above these requirements.

## 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 includes both capital purchases and capital asset maintenance. 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 CIP is a living document and is reviewed throughout the year to accurately reflect the current and future projects.

During the FY2021 budget process, the Town saw a need for long-term financial forecasting and developed the first Five-Year Financial Plan in FY2021 to evaluate the future revenue and expense streams as well as capital improvements needs while still being able to sustain the services the Town provides. The Five-Year Plan enables the Town to project the normal cost of doing business and identify excess and/or deficits in cash based on our forecast. The basis for the analysis is historical revenue and expense trends for the past five years, which provides information to make assumptions regarding future spending, and the Town's Capital Improvement Plan. This is a tool which is updated annually and used in the future for evaluating possible capital project needs and funding strategies to accomplish the Town's goals.

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 updated land use plans including 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 2019 and include Idlewild Road Corridor, Stallings Elementary School Node, Monroe Bypass Corridor, Old Monroe Road/Town Core, Smith Farm Road Business District, and Chestnut Lane Corridor. These plans are being used to help shape development standards in key areas of growth in our town and shape our community in the coming years. Council has approved several updates to ensure plans meet the Town's long-term goals.

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. During FY2021, Town Council approved the Greenway design and construction documents for the first greenway trail identified in the plan near Blair Mill Park and Stevens Mill Road which will add and begin to connect our existing parks and pedestrian areas. During the budget process for FY2023, the Blair Mill portion of the Greenway was funded and will begin construction. Additionally, a greenway section by the Chestnut Farms multi-family development was built by the developer and is now open to the public.

Over the past several years, the Town Council has made downtown creation a top priority. The Town has significantly invested in planning and key property acquisition. Currently, the Town has partnered with the Development Finance Initiative (DFI) under the UNC School of Government to further prepare for a potential public-private partnership to spur the desired type of downtown development.

### ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for annual comprehensive financial reports (ACFR) 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, 2021 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, various Town departments, Mayor and Council.

Respectfully submitted,



Alex Sewell  
Town Manager



Marsha A. Gross  
Finance Officer

# CERTIFICATE OF ACHIEVEMENT

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Government Finance Officers Association

## Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Town of Stallings  
North Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*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, 2021. This sixth 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 are planning to submit the Comprehensive Annual Report for this fiscal year ended June 30, 2022 and are submitting to the GFOA to determine its eligibility for another Certificate of Achievement for Excellence in Financial Reporting.

## APPOINTED AND ADMINISTRATIVE POSITIONS

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**Alex Sewell**  
*Town Manager*

**Erinn Nichols**                      *Assistant Town Manager/Town Clerk*

**Marsha Gross**                      *Finance Officer*

**Karen Williams**                      *Human Resources*

**Bo Connerly**                      *Interim Engineering/Transportation*

**Max Hsiang**                      *Town Planner*

**Dennis Franks**                      *Police Chief*

**Eunice McSwain**                      *Parks and Recreation*

**Brian Price**                      *Public Works*

# BOARDS AND COMMITTEES

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The Town of Stallings has numerous boards and advisory committees that help make recommendations to the Town Council. These boards and committees are 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

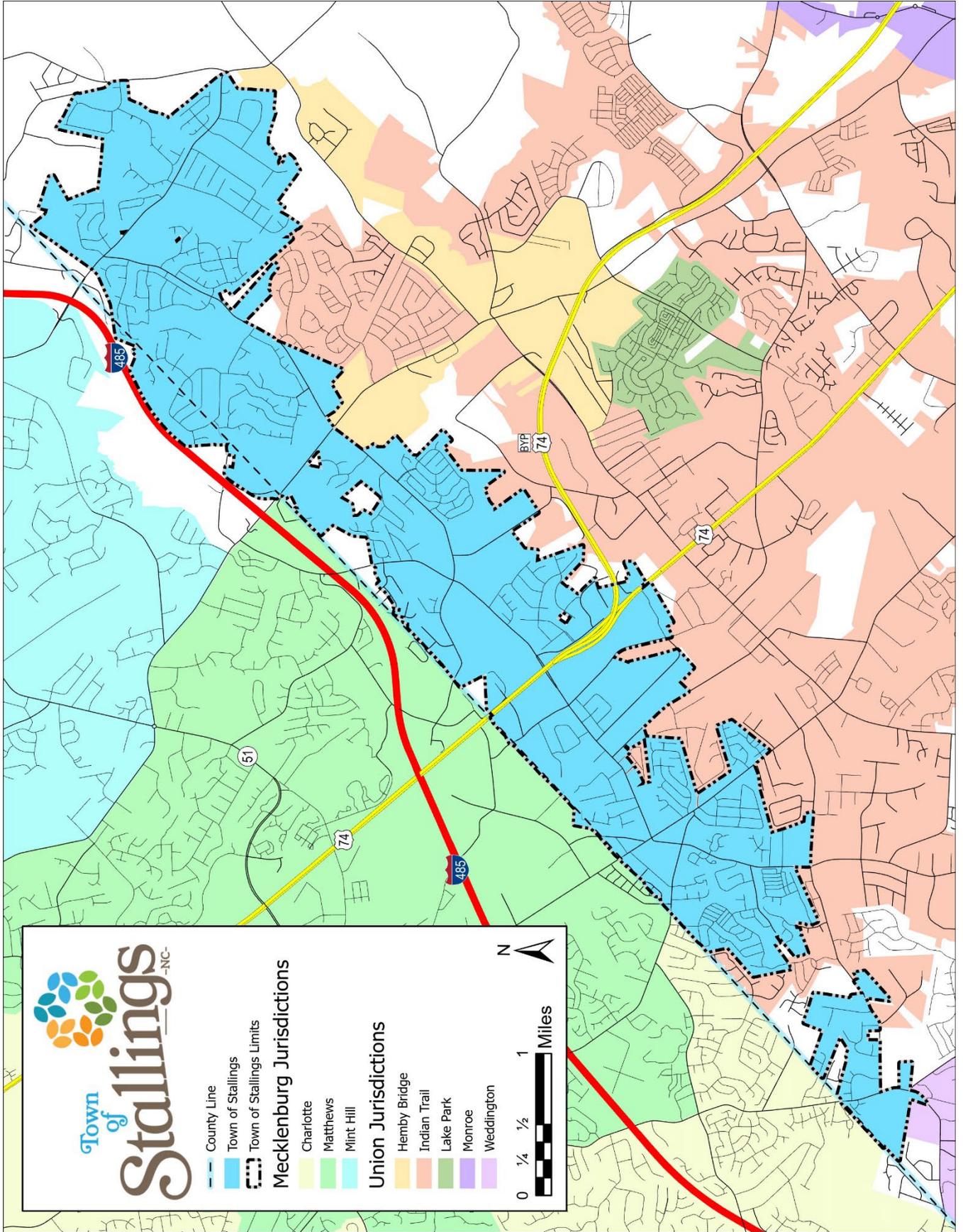
Purpose/Objective: The Historical Committee's purpose is to preserve Town properties and artifacts, designate historical Town landmarks and educate the community on the Town's history. The Committee also is an advisor to both the Town Manager and Council in matters of recognition and dedication to ensure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

#### Parks and Recreation Committee

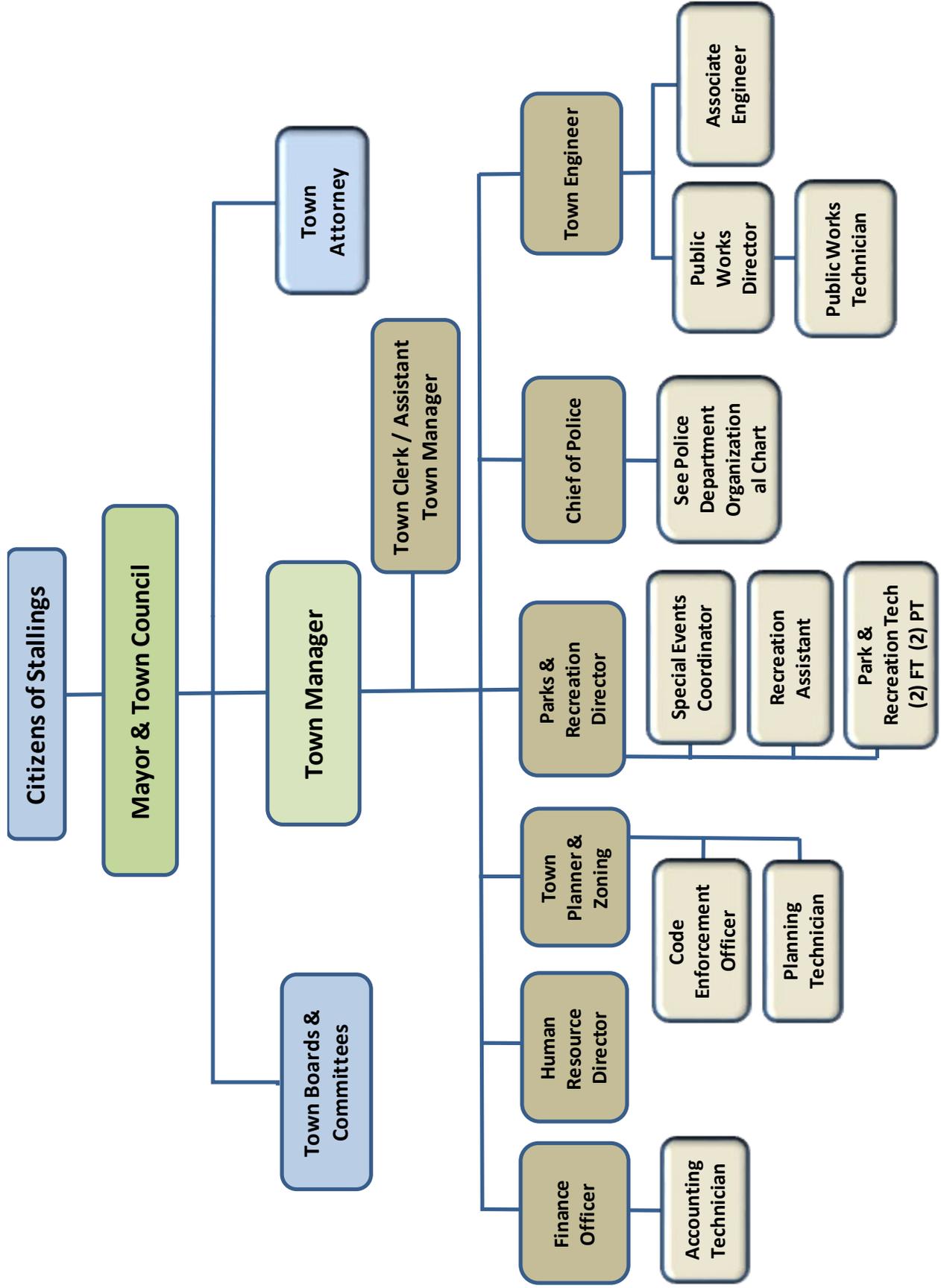
Purpose/Objective: The Park and Recreation Advisory Committee advises the Town Council and Town Manager on the development and administration of all park and recreation programs and special events planning. The Committee provides input for the long-range planning of resources which include park land,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

### **4. Ad Hoc Committees**

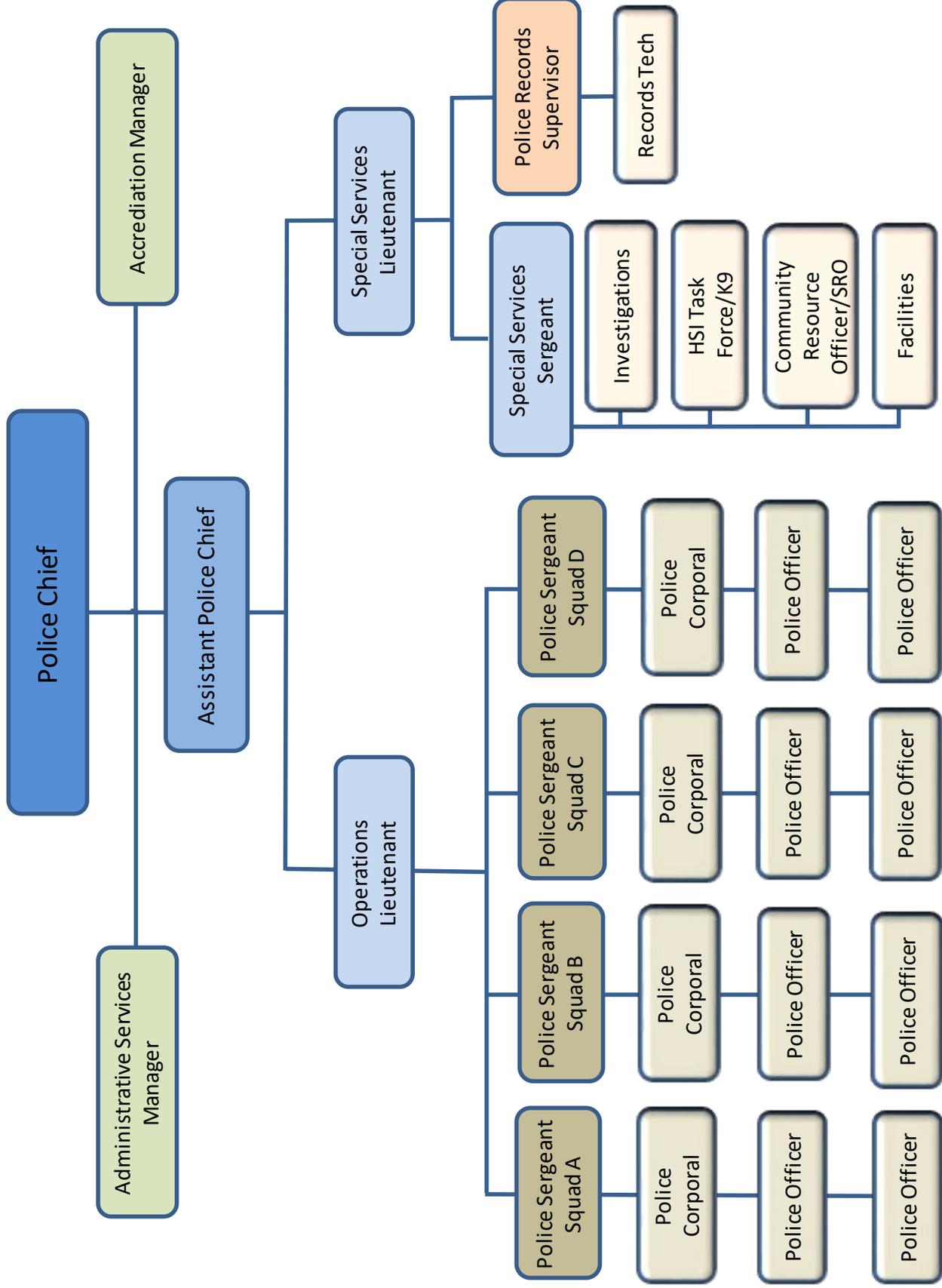
The Mayor and Council have the authority to form an ad-hoc committee at any time for a specific purpose and length of time. These committees are used primary for short term projects or plans the Town is developing. Once the committee has fulfilled its' objectives and reported back to Council, it is dissolved.



# Town of Stallings Organizational Chart



# Stallings Police Department Organizational Chart





## FINANCIAL SECTION

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- Management's Discussion and Analysis
- Basic Financial Statements
  - Government-wide Financial Statements
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  - 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 Audit of Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Stallings, North Carolina** as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the **Town of Stallings'** basic financial statements as listed in the table of contents.

In our opinion, based upon our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Stallings**, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the **Town of Stallings**, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Audit of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the **Town of Stallings'** ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards*, we

- exercised professional judgment and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the **Town of Stallings'** internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the **Town of Stallings'** ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 16, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 50 through 51, and the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll on pages 52 through 53 be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information

because the limited procedures do not provided us will sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Town of Stallings'** basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, and 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.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and the statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2022, on our consideration of **Town of Stallings'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **Town of Stallings'** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Town of Stallings'** internal control over financial reporting and compliance.

POTTER & Company, PA

Monroe, North Carolina  
November 22, 2022



## 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, 2022. 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

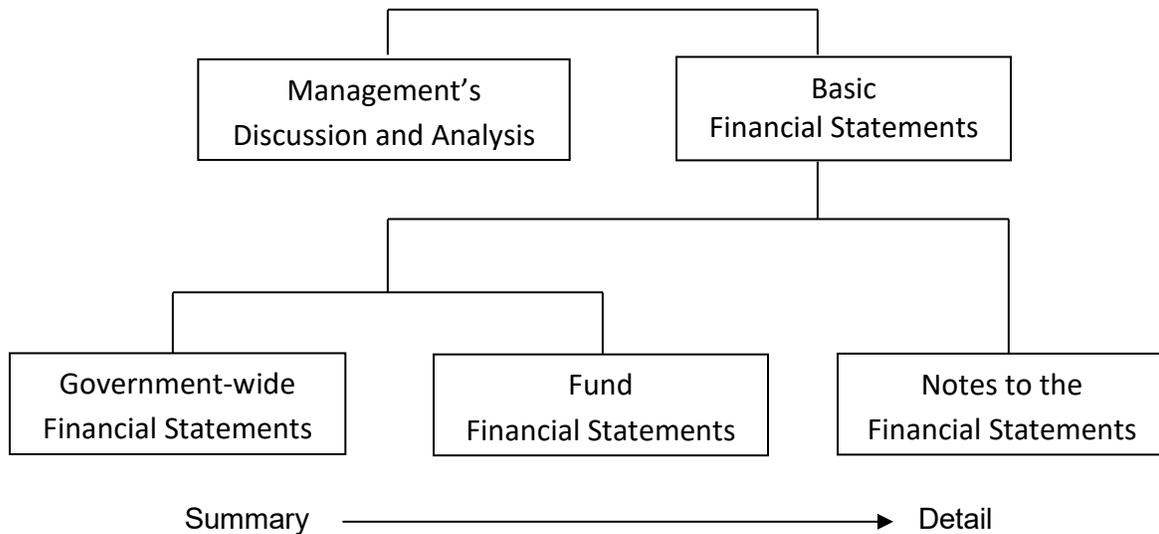
- The assets and deferred outflows of resources of the Town of Stallings exceeded its liabilities and deferred inflows of resources at the close of the year by \$30,707,975 (*net position*).
- The government's total net position increased by \$7,832,043 while having a budgeted use of fund balance of \$2,609,840. The net position increase was due to the receipt of \$7,529,253 in grants and contributions which included ARPA funds of \$5,145,370, NC SCIF grant of \$1,600,000, NC Department of Commerce grant of \$50,000, a transportation contribution of \$250,000 and the remaining amount of \$483,883 from various agencies. Delays in the start of capital projects for construction of the Stallings Greenway and Fiscal Year 2021-22 street repair work also contributed to this increase.
- At the end of the current fiscal year, the Town of Stallings' governmental funds reported combined ending fund balance of \$16,720,938 resulting in a net increase of \$5,300,809 in fund balance. The majority of this variance is in restricted fund balance which increased \$5,147,440 for the ARPA funds received by the town.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,545,483 or 66.5% of total general fund expenditures for the fiscal year.
- The Town purchased property adjacent to Town Hall at 2725 Old Monroe Road for \$2,750,000 for the future development of a downtown district. The Town received a NC SCIF grant for \$1,600,000 which funded a portion of this purchase.
- The second principal payment of \$291,800 was paid in February 2022 for the installment purchase agreement for the New Town Hall and Public Works Buildings bringing the balance down to \$2,042,600.

## Management Discussion and Analysis Town of Stallings

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Stallings' basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information which will enhance the reader's understanding of the financial condition of the Town of Stallings.

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

## **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 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 50 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 17,169,158	\$ 11,780,385	\$ 1,466,458	\$ 1,252,557	\$ 18,635,616	\$ 13,032,942
Capital assets	15,181,293	13,186,879	734,896	604,623	15,916,189	13,791,502
Total assets	<u>32,350,451</u>	<u>24,967,264</u>	<u>2,201,354</u>	<u>1,857,180</u>	<u>34,551,805</u>	<u>26,824,444</u>
Deferred outflows of resources	1,000,477	906,381	20,643	18,899	1,021,120	925,280
	<u>1,000,477</u>	<u>906,381</u>	<u>20,643</u>	<u>18,899</u>	<u>1,021,120</u>	<u>925,280</u>
Long-term liabilities outstanding	2,928,362	3,974,785	21,541	30,282	2,949,903	4,005,067
Other liabilities	869,384	779,779	161,843	17,333	1,031,227	797,112
Total liabilities	<u>3,797,746</u>	<u>4,754,564</u>	<u>183,384</u>	<u>47,615</u>	<u>3,981,130</u>	<u>4,802,179</u>
Deferred inflows of resources	872,902	70,715	10,918	898	883,820	71,613
	<u>872,902</u>	<u>70,715</u>	<u>10,918</u>	<u>898</u>	<u>883,820</u>	<u>71,613</u>
Net position:						
Net investment in capital assets	13,138,693	10,852,479	734,896	604,623	13,873,589	11,457,102
Restricted	6,424,330	1,090,063	-	-	6,424,330	1,090,063
Unrestricted	<u>9,117,257</u>	<u>9,105,824</u>	<u>1,292,799</u>	<u>1,222,943</u>	<u>10,410,056</u>	<u>10,328,767</u>
Total net position	<u>\$ 28,680,280</u>	<u>\$ 21,048,366</u>	<u>\$ 2,027,695</u>	<u>\$ 1,827,566</u>	<u>\$ 30,707,975</u>	<u>\$ 22,875,932</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 \$30,707,975 as of June 30, 2022. The Town's net position increased 34.24% or \$7,832,043 for the fiscal year ended June 30, 2022. The Town's current and other assets increased \$5,602,674 due to increased cash from grant and contribution revenues. Capital assets increased \$2,124,687 due to the purchase of investment property and other capital assets (e.g. land, streets, buildings, and equipment). The Town of Stallings capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is the reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. Deferred outflows of resources increased \$95,840 and deferred inflows increased \$812,207, both related to pension deferrals. An additional portion of the Town of Stallings' net position, \$6,424,330, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,410,056 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 99.92% through the county, which continues to exceed the statewide average.
- Increased sales tax revenue of \$235,973 due to continued economic growth in the Town and state.
- Ad valorem tax revenues increased by \$550,064 over last fiscal year due to the Union County property revaluation and new development in the Town which increased the town's assessed value 30.4% for Fiscal Year 2021-22.
- Cost savings and reductions in spending resulted in general fund expenditures being \$1,989,751 less than final budgeted expenditures for fiscal year 2021-22. This difference was achieved through staff's diligence in competing work, closely monitoring actual verses budgeted costs and reduced/delayed expenditures while maintaining service levels for town services and safety measures for the staff and citizens without increasing overall costs to the Town.

**Management Discussion and Analysis  
Town of Stallings**

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 184,777	\$ 169,155	\$ 481,845	\$ 477,030	\$ 666,622	\$ 646,185
Operating grants and contributions	5,929,253	2,112,536	-	-	5,929,253	2,112,536
Capital grants and contributions	1,600,000	-	-	-	1,600,000	-
General revenues:						
Property taxes	4,745,840	4,195,776	-	-	4,745,840	4,195,776
Other Taxes	2,718,679	2,469,255	-	-	2,718,679	2,469,255
Grants and contributions not restricted to specific programs						
	-	-	-	-	-	-
Other	44,143	283,911	-	-	44,143	283,911
Total Revenues not including transfers	15,222,692	9,230,633	481,845	477,030	15,704,537	9,707,663
Transfers	-	-	-	-	-	-
Total General Revenues and Transfers	15,222,692	9,230,633	481,845	477,030	15,704,537	9,707,663
Expenses:						
General Government	1,348,875	1,198,969	-	-	1,348,875	1,198,969
Public Safety	2,499,510	2,450,185	-	-	2,499,510	2,450,185
Transportation	1,286,665	3,391,481	-	-	1,286,665	3,391,481
Environmental protection	1,025,834	958,668	-	-	1,025,834	958,668
Cultural and recreation	800,099	668,504	-	-	800,099	668,504
Economic and physical development	309,157	410,079	-	-	309,157	410,079
Public Works	243,457	225,606	-	-	243,457	225,606
Interest on long -term debt	77,181	87,248	-	-	77,181	87,248
Storm water	-	-	281,716	291,172	281,716	291,172
Total Expenses	7,590,778	9,390,740	281,716	291,172	7,872,494	9,681,912
Increase (decrease) in net position	7,631,914	(160,107)	200,129	185,858	7,832,043	25,751
Net Position, beginning, previously reported	21,048,366	21,155,359	1,827,566	1,641,708	22,875,932	22,797,067
Restatement	-	53,114	-	-	-	53,114
Net Position, beginning, restated	21,048,366	21,208,473	1,827,566	1,641,708	22,875,932	22,850,181
Net Position, June 30	\$ 28,680,280	\$ 21,048,366	\$ 2,027,695	\$ 1,827,566	\$ 30,707,975	\$ 22,875,932

**Governmental activities.** Governmental activities increased the Town's net position by \$7,631,914 or 36.26%. The most significant factor contributing to this increase was operating and capital grants and contributions which increased \$5,416,717 over prior fiscal year. The increase in property and other taxes contributed an additional \$799,488 to net position. The Town's expenses decreased from prior fiscal year adding \$1,809,418 to governmental activities net position through the concerted effort to control costs and manage expenditures for the Town.

## Management Discussion and Analysis Town of Stallings

Further key elements impacting net position are as follows:

- The Town's total governmental activities' revenues increased in total by \$5,992,059. General revenue increases in property taxes of \$550,064, other taxes of \$249,424, and charges for services of \$15,622 were partially offset by a decrease in other revenue of \$239,768. The revenue increases are attributed to the countywide property revaluation and ad valorem growth in the Town as well as increased sales and use tax collections. The decrease in other services is \$239,768 is related to Cares Act Relief Funds received prior fiscal year.
- Total governmental activities expenses decreased \$1,799,962 or 19.2% from the prior fiscal year. The majority of this decrease is in the transportation department where expense related to the Chestnut Roundabout dropped from \$3,391,481 in 2021 to \$1,286,665 in 2022. In addition, delays in road resurfacing further reduced the expenses for the department.
- In Fiscal Year 2020-21, the Town had a restatement of net position due to an addition of roadways which were not represented in the Town's fixed assets.

**Business-type Activities.** Business-type activities increased the Town of Stallings' net position by \$200,129 representing an increase of 7.68%.

Key elements of this increase are as follows:

- Revenues for business-type activities increased \$4,815 which is due to growth in the Town.
- Total expenses decreased \$9,456 from prior year and repair projects were completed well below budget in fiscal year 2022. Repairs were made for those items that met the Town's repair criteria.
- The Storm Water fees remained unchanged from the prior fiscal year.

## Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Stallings. At the end of Fiscal Year 2021-22, the Town of Stallings' fund balance available in the General Fund was \$6,545,483, while total fund balance reached \$10,686,174. The Town Council has determined that the Town should maintain an available fund balance of 20% of budgeted general fund expenditures in case of

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

unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 66.5% of general fund expenditures, while total fund balance represents 108.5% of the same amount.

During Fiscal Year 2021-22, the Town was awarded \$5,145,370 from the American Rescue Plan Act of 2021 (ARPA) to help reverse the negative impact of the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery. One of the requirements of the ARPA Funds was that the Town was to establish a separate governmental fund to account for the receipt and use of the funds. The Town established the ARPA Fund which had no expenditures for Fiscal Year 2021-22 resulting in a year-end balance of \$5,147,440. The Town's Council chose to use the ARPA funds as revenue replacement over the next few fiscal years.

As of June 30, 2022, the governmental funds of the Town of Stallings reported a combined fund balance of \$16,720,938 with a net increase in fund balance of \$5,300,809 or 46.4% from the prior fiscal year. Included in this change in fund balance is the establishment of the ARPA fund, an increase in Streets – Powell Bill fund balance due to delayed road resurfacing work, a decrease in Minimum fund balance requirement and a decrease in Assigned fund balance for Subsequent year expenditures. Capital Project Fund for Potter Road/Pleasant Plains intersection decreased by \$72,000 and represents \$887,325 of total governmental funds.

**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 purchased an investment property along Stallings Road and Monroe Road to be used for future development which were not originally budgeted. Additionally, the Town received several grants for the police department, ARPA Funds, and a NC OSBM SCIF grant related to the Town's capital investment in property for the development of a downtown district which required budget amendments. Although the Town diligently monitored expenditures to ensure they complied with budgetary requirements, there were amendments made to the General Fund related to unexpected expenditures and capital outlays. Capital purchases for the Vickery portion of the Stallings Greenway for the cultural and recreational department were also higher than originally budgeted.

At year-end, revenues were 9.2% greater than the budget due to increases in ad valorem tax, sales and use tax, restricted intergovernmental revenue and miscellaneous revenue. Expenditures were 16.8% below budget with savings compared to budget across all departments. The majority of cost savings were in Cultural and Recreational due to delays in beginning construction for the Vickery portion of the Stallings Greenway and in Transportation department due to delays in road resurfacing. Public Safety department expenditures were below budget from position vacancies throughout the year. Also, the General Government had significant cost savings in professional and outside services.

## **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 \$1,292,799. The change in unrestricted net position was an increase of \$69,856. This increase is a result of revenues exceeding operational expenses for the year. The net investment in capital assets also increased \$130,273 making the total change in net position from prior year an increase of \$200,129.

### **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, 2022 total \$15,916,189 (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:

- The Town purchased investment property along Stallings Road and Old Monroe Road to be used long term for the development of a downtown area which added an additional \$2.8M in land and buildings and improvements.
- Road resurfacing work for streets scheduled according to the Town's resurfacing policy added \$313,275 to the Town's infrastructure.
- Acquisition of public safety vehicles and equipment totaling \$100,533.
- Public Safety department purchase of electronic fingerprinting equipment to \$15,712.
- Stallings Municipal Park's fountain repairs which included new fountain pump and electronic water level control totaling \$50,271.
- Blair Mill Park installed playground equipment at a cost of \$52,434
- Stalling Municipal Park improvements for park security cameras and a new Town Christmas tree totaling \$29,031.
- Town invested in a Stallings employee gym and purchased \$12,936 in gym equipment.
- Several storm water capital improvements were completed including culverts, drain inlets and concrete swales totaling \$149,636.

**Management Discussion and Analysis  
Town of Stallings**

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Infrastructure	\$ 4,146,787	\$ 4,698,021	\$ 734,896	\$ 604,623	\$ 4,881,683	\$ 5,302,644
Land improvements	1,138,879	1,340,307	-	-	1,138,879	1,340,307
Buildings and improvements	5,934,275	5,572,482	-	-	5,934,275	5,572,482
Land	3,277,444	978,388	-	-	3,277,444	978,388
Vehicles	248,798	253,253	-	-	248,798	253,253
Equipment	420,932	344,428	-	-	420,932	344,428
Computers and Software	14,178	-	-	-	14,178	-
Total	\$ 15,181,293	\$ 13,186,879	\$ 734,896	\$ 604,623	\$ 15,916,189	\$ 13,791,502

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

**Long-term Debt.** As of June 30, 2022, the Town of Stallings' total debt and outstanding liabilities of \$3,400,807. Of this, installment debt of \$2,042,600 is backed by the full faith and credit of the Town. Other debt of the Town related to compensated absences and pension related liabilities.

**Outstanding Liabilities  
Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Installment debt	\$ 2,042,600	\$ 2,334,400	\$ -	\$ -	\$ 2,042,600	\$ 2,334,400
Pension related debt (LGERS)	501,570	1,136,085	21,541	30,282	523,111	1,166,367
Pension related debt (LEO)	675,992	796,100	-	-	675,992	796,100
Compensated absences	155,268	157,009	3,836	2,049	159,104	159,058
Total	\$ 3,375,430	\$ 4,423,594	\$ 25,377	\$ 32,331	\$ 3,400,807	\$ 4,455,925

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

### **Town of Stallings' Outstanding Debt**

The Town of Stallings' total debt decreased by \$1,055,118 or 23.7% from the past fiscal year. Pension related debt (LGERS and LEO) represents \$763,364 of this decrease. Installment debt related to the construction of the New Town Hall and Public Works Maintenance buildings decreased \$291,800 due to the payment of the third installment this fiscal year.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal margin for the Town of Stallings is \$199,482,594.

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:

- Despite the effects of the COVID-19 pandemic, the economy has stimulated the housing and construction markets in the Town this fiscal year with ad valorem tax growth of 13.1% as well as economic growth with sales tax increasing 15.9%.
- New development. The Town continues to see relatively strong interest in development within the Town. Several new developments were completed including the Solis at Chestnut Farms development (a mixed-use project consisting of primarily of multi-family in the Chestnut area). Also, Atrium Health finished development of the main hospital section of its major hospital campus beside the Monroe Expressway.
- Future Downtown – The Town has made downtown creation a top priority, has developed a downtown action plan, and has begun plan implementation including property acquisition and a downtown streetscape draft plan. The Town is currently working with the Development Finance Initiative (DFI – UNC School of Government) to analyze area market conditions and take the first steps towards developing a public-private partnership that will spur the desired downtown development.
- In FY 2020-21, the Town Council also passed a resolution supporting the Charlotte Area Transit System's (CATS) selected alignment for the proposed LYNX Silver Line Light Rail in Stallings near the hospital complex. While this is just one of the first necessary steps of many to extending the light rail to Stallings, any light rail expansion in the future would have significant impact on our community. To maximize positive development, the Town has started the process of redeveloping our plans around the twin pillars of a potential light rail and Atrium hospital campus.
- Despite strong development interest, planning investments, and other favorable conditions, the Town faces several substantial challenges to economic development including:

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

- Our community's primary water/sewer provider (Union County) has challenges related to limited sewer capacity which will likely lead to future developmental delays for projects that have not yet secured sewer capacity. Indeed, it is likely that there will be a period of several years where no additional development can be permitted due to lack of sewer capacity.
- Interest rates continue to rise which will affect virtually all areas of the economy.

### **Budget Highlights for the Fiscal Year Ending June 30, 2023**

**Governmental Activities:** Impacting the FY 2022-23 budget this year is the American Rescue Plan Act of 2021 (ARPA). The Town was allocated \$5,145,370 to be used to help reverse the negative impact of the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery. The federal government set forth guidelines to use these funds which must be spent by 2024. At a council meeting on April 11, 2022, the Town Council created the ARPA Fund and elected to use the funds over the next several fiscal years as revenue replacement for law enforcement services from July 1, 2022, to December 31, 2024 or until all of the funds are expended. Included in the Fiscal Year 2022-23 budget is an appropriation of \$1,831,360 in ARPA funds to be used for Police department salaries and benefits.

The Town's management and Council has taken a conservative approach for Fiscal Year 2022-23 budgeted revenues. Total budgeted revenue for the Town is expected to decrease 39.8% to \$9,158,600 compared to actual revenue of \$15,223,943 in 2022. The large decrease from 2022 is due to grant revenue for ARPA funds and other grants and contributions totaling \$7,529,253 in Fiscal Year 2021-22 compared to \$1,629,000 in 2023. Budgeted property taxes increased \$24,510 or 0.6% while sales and use taxes decreased \$53,746 or 2.94% from actual revenue in 2022.

Budgeted expenditures in the General Fund are expected to increase 24.7% to \$12,282,740 when compared to actual expenditures of \$9,850,185 in 2022. This increase is primarily seen in capital purchases in transportation department for additional road resurfacing, in cultural and recreational department for the construction of the Vickery portion of the Stallings Greenway and in police department for capital needs of the department.

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 general fund balance in the amount of \$294,279 which will be used for debt repayment, the purchase of capital equipment in various departments and a portion for the capital project expenditures for the Vickery portion of the Stallings located near Blair Mill Park. The remaining amount for the Greenway was funded using appropriated restricted funds from the parks and recreation fund in the amount of \$426,800. Powell Bill funds in the amount of \$660,000 have been appropriated for additional road repair work in the Town and as noted, ARPA fund in the amount of \$1,831,360 have been appropriated for police department salaries and benefits in 2023. Management believes that increased revenues and continued cost cutting measures on

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

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 drains, street sweeping and other preventative services to help deter future flooding issues.

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

### **Request for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Marsha Gross, Finance Officer, 315 Stallings Road, Stallings, NC 28104-5061. You can also call 704-821-0311, visit our website at [www.stallingsnc.org](http://www.stallingsnc.org), or send an email to [mgross@stallingsnc.org](mailto:mgross@stallingsnc.org) for more information.

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## **Basic Financial Statements**

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**Town of Stallings  
Statement of Net Position  
June 30, 2022**

**Exhibit 1**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 10,811,343	\$ 1,461,766	\$ 12,273,109
Taxes receivable (net)	17,804	-	17,804
Accrued interest receivable on taxes	6,716	-	6,716
Accounts receivable (net)	-	4,712	4,712
Due from other governments	3,022,890	-	3,022,890
Deposits	3,515	-	3,515
Due from other funds	20	(20)	-
Restricted cash and cash equivalents	3,306,870	-	3,306,870
Total current assets	<u>17,169,158</u>	<u>1,466,458</u>	<u>18,635,616</u>
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	3,277,444	-	3,277,444
Other capital assets, net of depreciation	11,903,849	734,896	12,638,745
Total capital assets	<u>15,181,293</u>	<u>734,896</u>	<u>15,916,189</u>
Total non-current assets	<u>15,181,293</u>	<u>734,896</u>	<u>15,916,189</u>
Total assets	<u>32,350,451</u>	<u>2,201,354</u>	<u>34,551,805</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	1,000,477	20,643	1,021,120
Total deferred outflows of resources	<u>1,000,477</u>	<u>20,643</u>	<u>1,021,120</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	406,321	157,284	563,605
Accounts payable from restricted cash	420	-	420
Deposits in escrow	8,809	-	8,809
Unearned revenue	6,767	723	7,490
Current portion long-term liabilities	447,067	3,836	450,903
Total current liabilities	<u>869,384</u>	<u>161,843</u>	<u>1,031,227</u>
Long-term liabilities:			
Net pension liability-LGERS	501,570	21,541	523,111
Total pension liability-LEO	675,992	-	675,992
Due in more than one year	1,750,800	-	1,750,800
Total long-term liabilities	<u>2,928,362</u>	<u>21,541</u>	<u>2,949,903</u>
Total liabilities	<u>3,797,746</u>	<u>183,384</u>	<u>3,981,130</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	1,383	-	1,383
Pension deferrals	871,519	10,918	882,437
Total deferred inflows of resources	<u>872,902</u>	<u>10,918</u>	<u>883,820</u>
<b>NET POSITION</b>			
Net investment in capital assets	13,138,693	734,896	13,873,589
Restricted for:			
Stabilization by State Statute	552,759	-	552,759
Streets	713,769	-	713,769
Drug Forfeiture	10,362	-	10,362
ARPA	5,147,440	-	5,147,440
Unrestricted	9,117,257	1,292,799	10,410,056
Total net position	<u>\$ 28,680,280</u>	<u>\$ 2,027,695</u>	<u>\$ 30,707,975</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, 2022**

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental Activities:							
General government	\$ 1,348,875	\$ 24,400	\$ 52,458	\$ 1,600,000	\$ 327,983	\$ -	\$ 327,983
Public safety	2,499,510	4,178	5,168,611	-	2,673,279	-	2,673,279
Transportation	1,286,665	-	695,984	-	(590,681)	-	(590,681)
Environmental protection	1,025,834	-	12,200	-	(1,013,634)	-	(1,013,634)
Economic and physical development	309,157	61,480	-	-	(247,677)	-	(247,677)
Public works	243,457	-	-	-	(243,457)	-	(243,457)
Cultural and recreational	800,099	94,719	-	-	(705,380)	-	(705,380)
Interest on long-term debt	77,181	-	-	-	(77,181)	-	(77,181)
Total governmental activities	<u>7,590,778</u>	<u>184,777</u>	<u>5,929,253</u>	<u>1,600,000</u>	<u>123,252</u>	<u>-</u>	<u>123,252</u>
<b>Business-type activities:</b>							
Storm Water	281,716	481,845	-	-	-	200,129	200,129
Total business-type activities	<u>281,716</u>	<u>481,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,129</u>	<u>200,129</u>
<b>Total primary government</b>	<u>\$ 7,872,494</u>	<u>\$ 666,622</u>	<u>\$ 5,929,253</u>	<u>\$ 1,600,000</u>	<u>\$ 123,252</u>	<u>\$ 200,129</u>	<u>\$ 323,381</u>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purpose					\$ 4,745,840	\$ -	\$ 4,745,840
Sales taxes					1,828,746	-	1,828,746
Utilities taxes					811,629	-	811,629
Beer and wine taxes					64,215	-	64,215
Other taxes and licenses					14,089	-	14,089
Unrestricted investment earnings					14,670	-	14,670
Restricted investment earnings					1,601	-	1,601
Miscellaneous					27,872	-	27,872
Total general revenues not including transfers					<u>7,508,662</u>	<u>-</u>	<u>7,508,662</u>
Transfers					-	-	-
Total general revenues and transfers					<u>7,508,662</u>	<u>-</u>	<u>7,508,662</u>
Change in net position					<u>7,631,914</u>	<u>200,129</u>	<u>7,832,043</u>
Net position, beginning					<u>21,048,366</u>	<u>1,827,566</u>	<u>22,875,932</u>
Net position, ending					<u>\$ 28,680,280</u>	<u>\$ 2,027,695</u>	<u>\$ 30,707,975</u>

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

**Town of Stallings  
Balance Sheet  
Governmental Funds  
June 30, 2022**

Exhibit 3

	Major Funds			Total Governmental Funds
	General Fund	ARPA	Non-Major Funds	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,811,342	\$ -	\$ -	\$ 10,811,342
Restricted cash	732,115	2,574,755	-	3,306,870
Receivables, net:				
Taxes	17,804	-	-	17,804
Due from other governments	450,205	2,572,685	-	3,022,890
Deposits	3,515	-	-	3,515
Due from other funds	20	-	949,324	949,344
Total assets	\$ 12,015,001	\$ 5,147,440	\$ 949,324	\$ 18,111,765
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 351,087	\$ -	\$ 62,000	\$ 413,087
Accounts payable from restricted cash	420		-	420
Due to other funds	949,324	-	-	949,324
Deposits in escrow	8,809	-	-	8,809
Total liabilities	1,309,640	-	62,000	1,371,640
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes receivable	17,804	-	-	17,804
Prepaid taxes	1,383	-	-	1,383
Total deferred inflows of resources	19,187	-	-	19,187
<b>FUND BALANCES</b>				
Restricted				
Stabilization by State Statute	552,759	-	-	552,759
Streets - Powell Bill	713,769	-	-	713,769
Drug Forfeiture	10,362	-	-	10,362
ARPA	-	5,147,440	-	5,147,440
Committed				
Parks and Recreation	456,761	-	-	456,761
Capital Projects Fund	-	-	887,324	887,324
Assigned				
Subsequent year expenditures	208,200	-	-	208,200
Minimum fund balance requirement	2,198,840	-	-	2,198,840
Unassigned	6,545,483	-	-	6,545,483
Total fund balances	10,686,174	5,147,440	887,324	16,720,938
Total liabilities, deferred inflows of resources and fund balances	\$ 12,015,001		\$ 949,324	\$ 18,111,765

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

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

**Exhibit 4**

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

Total fund balance - Governmental Funds		\$ 16,720,938
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	48,737,242	
Accumulated depreciation	<u>(33,555,948)</u>	15,181,294
Deferred outflows of resources related to pensions are not reported in the funds		
		1,000,477
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		
		6,716
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Compensated absences	(155,268)	
Notes payable	(2,042,600)	
Net pension liability (LGERS)	(501,570)	
Total pension liability (LEOSSA)	<u>(675,992)</u>	(3,375,430)
Deferred inflows of resources related to pensions are not reported in the funds		
		(871,519)
Earned revenues considered deferred inflows of resources in fund statements		
		<u>17,804</u>
Net position of governmental activities		<u><u>\$ 28,680,280</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, 2022**

Exhibit 5

	<u>Major Funds</u>			<b>Total Governmental Funds</b>
	<u>General</u>	<u>ARPA</u>	<u>Non-Major Funds Total</u>	
<b>REVENUES</b>				
Ad valorem taxes	\$ 4,747,089	\$ -	\$ -	\$ 4,747,089
Other taxes and licenses	14,090	-	-	14,090
Unrestricted intergovernmental	2,704,590	-	-	2,704,590
Restricted intergovernmental	2,133,883	5,145,370	-	7,279,253
Permits and fees	158,794	-	-	158,794
Investment earnings	14,201	2,070	-	16,271
Sales and services	25,983	-	-	25,983
Miscellaneous	277,873	-	-	277,873
Total revenues	<u>10,076,503</u>	<u>5,147,440</u>	<u>-</u>	<u>15,223,943</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,189,114	-	-	1,189,114
Public safety	2,396,216	-	-	2,396,216
Transportation	342,569	-	72,949	415,518
Environmental protection	1,025,834	-	-	1,025,834
Economic and physical development	310,369	-	-	310,369
Public works	227,336	-	-	227,336
Cultural and recreational	567,891	-	-	567,891
Debt service:				
Principal	291,800	-	-	291,800
Interest	77,181	-	-	77,181
Capital Outlay				
General government	2,840,620	-	-	2,840,620
Public safety	121,245	-	-	121,245
Transportation	328,275	-	-	328,275
Public works	-	-	-	-
Cultural and recreational	131,735	-	-	131,735
Total expenditures	<u>9,850,185</u>	<u>-</u>	<u>72,949</u>	<u>9,923,134</u>
Excess (deficiency) of revenues over expenditures	<u>226,318</u>	<u>5,147,440</u>	<u>(72,949)</u>	<u>5,300,809</u>
Net change in fund balance	226,318	5,147,440	(72,949)	5,300,809
Fund balances, beginning	10,459,856	-	960,273	11,420,129
Fund balances, ending	<u>\$ 10,686,174</u>	<u>\$ 5,147,440</u>	<u>\$ 887,324</u>	<u>\$ 16,720,938</u>

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

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

Exhibit 6

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

Net changes in fund balances - total governmental funds		\$ 5,300,809
<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	\$ 3,421,875	
Depreciation expense for governmental assets	<u>(1,427,460)</u>	1,994,415
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		266,887
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		87,121
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in accrued interest receivable from taxes	503	
Change in unavailable revenue for tax revenues	<u>(1,751)</u>	(1,248)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments on long-term debt	<u>291,800</u>	291,800
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		1,742
Pension expense		<u>(309,612)</u>
Total changes in net position of governmental activities		<u>\$ 7,631,914</u>

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

**Town of Stallings** **Exhibit 7**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2022**

	<b>General Fund</b>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
Ad valorem taxes	\$ 4,716,660	\$ 4,716,660	\$ 4,747,089	\$ 30,429
Unrestricted intergovernmental	2,288,000	2,288,000	2,704,590	416,590
Restricted intergovernmental	400,500	2,019,936	2,133,883	113,947
Other taxes and licenses	7,500	7,500	14,090	6,590
Permits and fees	90,500	172,800	158,794	(14,006)
Investment earnings	2,100	2,100	14,201	12,101
Sales and services	16,100	16,100	25,983	9,883
Miscellaneous	7,000	7,000	277,873	270,873
Total revenues	7,528,360	9,230,096	10,076,503	846,407
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,472,900	4,322,900	4,029,734	293,166
Public safety	2,731,100	2,785,536	2,517,461	268,075
Transportation	1,236,800	1,236,800	670,844	565,956
Economic and physical development	404,600	404,600	310,369	94,231
Environmental protection	1,050,600	1,050,600	1,025,834	24,766
Public works	297,400	297,400	227,336	70,064
Cultural and recreational	1,290,700	1,373,000	699,626	673,374
<b>Debt service:</b>				
Principal	291,800	291,800	291,800	-
Interest	77,200	77,200	77,181	19
Contingency	100	100	-	100
Total expenditures	8,853,200	11,839,936	9,850,185	1,989,751
Revenues over (under) expenditures	(1,324,840)	(2,609,840)	226,318	2,836,158
Fund balance appropriated	1,324,840	2,609,840	-	(2,609,840)
Net change in fund balance	\$ -	\$ -	226,318	\$ 226,318
Fund balances, beginning			10,459,856	
Fund balances, ending			\$ 10,686,174	

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, 2022**

**Exhibit 8**

	<b>Major Enterprise Fund</b>	
	<b>Storm Water Fund</b>	<b>Total</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,461,766	\$ 1,461,766
Fees receivable	2,062	2,062
Accounts receivable	2,650	2,650
Total current assets	1,466,478	1,466,478
Noncurrent assets:		
Capital assets:		
Capital assets, net of depreciation	734,896	734,896
Capital assets	734,896	734,896
Total noncurrent assets	734,896	734,896
Total assets	\$ 2,201,374	\$ 2,201,374
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension deferrals	\$ 20,643	\$ 20,643
Total deferred outflows of resources	20,643	20,643
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	157,284	157,284
Compensated absences	3,836	3,836
Due to other funds	20	20
Unearned revenue	723	723
Total current liabilities	161,863	161,863
Noncurrent liabilities:		
Net pension liability	21,541	21,541
Total noncurrent liabilities	21,541	21,541
Total liabilities	183,404	183,404
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension deferrals	10,918	10,918
Total deferred inflows of resources	10,918	10,918
<b>NET POSITION</b>		
Net investment in capital assets	734,896	734,896
Unrestricted	1,292,799	1,292,799
Total net position	\$ 2,027,695	\$ 2,027,695

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, 2022**

**Exhibit 9**

	<b>Major Enterprise Fund</b>	
	<b>Storm Water Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>		
Storm water fees and interest	\$ 481,845	\$ 481,845
Total operating revenues	481,845	481,845
<b>OPERATING EXPENSES</b>		
Salaries and employee benefits	47,439	47,439
Repairs and maintenance	98,212	98,212
Professional fees	114,203	114,203
Miscellaneous expenses	2,500	2,500
Depreciation	19,362	19,362
Total operating expenses	281,716	281,716
<b>Change in net position</b>	200,129	200,129
<b>Total net position, beginning</b>	1,827,566	1,827,566
<b>Total net position, ending</b>	\$ 2,027,695	\$ 2,027,695

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, 2022**

**Exhibit 10**

	<b>Major Enterprise Fund</b>	
	<b>Storm Water Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 485,276	\$ 485,276
Cash paid for goods and services	(72,192)	(72,192)
Cash paid to or on behalf of employees for services	(46,117)	(46,117)
Net cash provided by operating activities	366,967	366,967
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Increase in due to General Fund	(7,663)	(7,663)
Net cash used by non-capital financing activities	(7,663)	(7,663)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(149,636)	(149,636)
Net cash used by capital and related financing activities	(149,636)	(149,636)
Net increase (decrease) in cash and cash equivalents	209,668	209,668
Balances, beginning	1,252,098	1,252,098
Balances, ending	\$ 1,461,766	\$ 1,461,766
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 200,129	\$ 200,129
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	19,362	19,362
Changes in assets and liabilities:		
(Increase) decrease in fees receivable	302	302
(Increase) decrease in accounts receivable	3,129	3,129
(Increase) decrease in deferred outflows of resources - pensions	(1,744)	(1,744)
Increase (decrease) in accounts payable	142,723	142,723
Increase (decrease) in compensated absences	1,787	1,787
Increase (decrease) in net pension liability	(8,741)	(8,741)
Increase (decrease) in deferred inflows of resources - pensions	10,020	10,020
Total adjustments	166,838	166,838
Net cash provided by operating activities	\$ 366,967	\$ 366,967

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

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## **Notes to Financial Statements**

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**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

**B. Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole by fees charged to external parties.

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

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

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

The Town reports the following major governmental funds:

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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

**American Rescue Plan Act (ARPA) of 2021: Coronavirus State and Local Fiscal Recovery Funds.** This fund accounts for the transactions related to the American Rescue Plan Funds.

The Town reports the following non-major governmental funds:

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

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

The Town reports the following 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, 2022**

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

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

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

**D. Budgetary Data**

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

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

**1. Deposits and Investments**

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) mutual fund, is authorized by G.S. 159-30(c)(8). The Government Portfolio, which invests in treasuries and government agencies, is a money market mutual fund (2a7) and maintains an AAAM rating from S&P and AAAMf by Moody's Investor Service. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. It is reported at fair value.

**2. Cash and Cash Equivalents**

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

**3. Restricted Assets**

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

*Restricted Cash*

Governmental Activities

General Fund

Powell Bill	\$ 713,769
Drug forfeiture	10,362
Escrow deposits	<u>7,984</u>
Total General Fund	732,115
ARPA Fund	<u>2,574,755</u>

Total Restricted Cash \$ 3,306,870

**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2021.

**5. 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, 2022**

**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 assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion: pension deferrals in the 2022 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – prepaid taxes, property taxes receivable, and pension deferrals.

**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, 2022**

**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. Reimbursements for Pandemic-related Expenditures

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

11. 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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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

and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net Position and Restricted fund balance on the face of the balance sheet.

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

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

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

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

Committed for Parks and Recreation – committed for park improvements.

Capital Projects Fund – committed to construction of Stallings Town Park, 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 general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

The Town of Stallings has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, Federal funds, State funds, local non-town funds, town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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

12. 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.

13. 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 OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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

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

At June 30, 2022, the Town's deposits had a carrying amount of \$3,814,830 and a bank balance of \$3,869,969. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2022, the Town's petty cash fund totaled \$200.

**2. Investments**

At June 30, 2022, the Town had \$11,764,949 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

**3. Capital Assets**

Capital asset activity for the Primary Government for the year ended June 30, 2022 was as follows:

	July 1, 2021	Additions	Retirements	Adjustments/ Transfers	June 30, 2022
<b>Governmental activities:</b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 978,388	\$ 2,299,056	\$ -	\$ -	\$ 3,277,444
Construction in Progress	-	-	-	-	-
Total capital assets not being depreciated	<u>973,388</u>	<u>2,299,056</u>	<u>-</u>	<u>-</u>	<u>3,277,444</u>
<b>Capital assets being depreciated:</b>					
Buildings and improvements	6,475,006	533,627	-	-	7,008,633
Land improvements	3,111,397	-	-	-	3,111,397
Equipment	679,476	160,383	-	-	839,859
Computers and software	106,323	15,000	-	-	121,323
Vehicles	996,977	100,533	29,553	-	1,067,957
Infrastructure	32,997,355	313,275	-	-	33,310,630
Total capital assets being depreciated	<u>44,366,534</u>	<u>1,122,818</u>	<u>29,553</u>	<u>-</u>	<u>45,459,799</u>
<b>Less accumulated depreciation:</b>					
Buildings and improvements	902,524	171,834	-	-	1,074,358
Land improvements	1,771,090	201,428	-	-	1,972,518
Equipment	335,048	83,879	-	-	418,927
Computers and software	106,323	822	-	-	107,145
Vehicles	743,725	104,987	29,553	-	819,159
Infrastructure	28,299,333	864,510	-	-	29,163,843
Total accumulated depreciation	<u>32,158,043</u>	<u>\$ 1,427,460</u>	<u>\$ 29,553</u>	<u>\$ -</u>	<u>33,555,950</u>
Total capital assets being depreciated, net	<u>12,208,491</u>				<u>11,903,849</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 13,186,879</u>				<u>\$ 15,181,293</u>

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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

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

General government	\$ 161,803
Public safety	139,297
Transportation	869,890
Public works	18,770
Cultural and recreational	<u>237,700</u>
Total depreciation expense	<u>\$ 1,427,460</u>

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
<b>Business-type activities:</b>				
<b><i>Storm Water Fund</i></b>				
<b>Capital assets being depreciated:</b>				
Infrastructure	\$ 655,026	\$ 149,635	\$ -	\$ 804,661
Total capital assets being depreciated	<u>655,026</u>	<u>149,635</u>	<u>-</u>	<u>804,661</u>
<b>Less accumulated depreciation:</b>				
Infrastructure	50,403	19,362	-	69,765
Total accumulated depreciation	<u>50,403</u>	<u>\$ 19,362</u>	<u>\$ -</u>	<u>69,765</u>
Total capital assets being depreciated, net	<u>604,623</u>			<u>734,896</u>
<b>Business-type capital assets, net</b>	<u>\$ 604,623</u>			<u>\$ 734,896</u>

**Construction Commitments**

The Town has active construction projects as of June 30, 2022. 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	<u>\$ 2,069,229</u>	<u>\$ 240,771</u>
Total	<u>\$ 2,269,229</u>	<u>\$ 240,771</u>

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2022, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General	\$ 271,361	\$ 73,380	\$ 344,741
Other governmental	62,000	-	62,000
Total governmental activities	<u>\$ 333,361</u>	<u>\$ 73,380</u>	<u>\$ 406,741</u>
<b>Business-type Activities:</b>			
Storm Water	\$ 156,624	\$ 660	\$ 157,284
Total business-type activities	<u>\$ 156,624</u>	<u>\$ 660</u>	<u>\$ 157,284</u>

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

*Plan Description.* The Town of Stallings is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Stallings employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2022 was 12.04% of compensation for law enforcement officers and 11.48% for general employees, actuarially determined as an amount that, when combined with employee

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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

contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$266,887 for the year ended June 30, 2022.

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

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

At June 30, 2022, the Town reported a liability of \$523,111 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021 (measurement date), the Town's proportion was 0.03411%, which was an increase of 0.00147% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$232,710. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 166,420	\$ -
Changes of assumptions	328,646	-
Net difference between projected and actual earnings on pension plan investments	-	747,366
Changes in proportion and differences between Town contributions and proportionate share of contributions	21,290	17,442
Town contributions subsequent to the measurement date	266,887	-
Total	\$ 783,243	\$ 764,808

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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

\$266,887 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 47,572
2024	(14,420)
2025	(52,907)
2026	(228,697)
2027	-
Thereafter	-
Total	<u>\$ (248,452)</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 2015.

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, 2021 are summarized in the following table:

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	<b>1% Decrease (5.50%)</b>	<b>Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 2,030,668	\$ 523,111	\$ (717,523)

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**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, 2020, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not receiving benefits	-
Active plan members	<u>21</u>
Total	<u>24</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, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 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, 2020.

Mortality rates are based on the Pub-2010 amount-weighted tables with adjustments from 2011 using generational improvement with Scale MP-2019.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**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 \$86,723 as benefits came due for the reporting period.

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

At June 30, 2022, the Town reported a total pension liability of \$675,992. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$76,436.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 50,060	\$ 98,321
Changes of assumptions	143,489	19,308
Town benefit payments and plan administrative expense made subsequent to the measurement date	44,328	-
Total	<u>\$ 237,877</u>	<u>\$ 117,629</u>

\$44,328 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 15,975
2024	20,695
2025	27,181
2026	21,013
2027	(5,667)
Thereafter	(3,277)
Total	<u>\$ 75,920</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 2.25 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 (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	<b>1% Decrease (1.25%)</b>	<b>Discount Rate (2.25%)</b>	<b>1% Increase (3.25%)</b>
Total pension liability	\$ 728,145	\$ 675,992	\$ 628,524

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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

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

	2022
Beginning balance	\$ 796,100
Service cost	46,594
Interest on the total pension liability	14,701
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(96,436)
Changes of assumptions or other inputs	(16,167)
Benefit payments	(68,800)
Other changes	-
Ending balance of the total pension liability	\$ 675,992

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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2016 through December 31, 2020.

***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	\$ 232,710	\$ 76,436	\$ 309,146
Pension Liability	\$ 523,111	\$ 675,992	\$ 1,199,103
Proportionate share of the net pension liability	0.03411%	n/a	
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 166,420	\$ 50,060	\$ 216,480
Changes of assumptions	328,646	143,489	472,135
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	21,290	-	21,290
Benefit payments and administrative costs paid subsequent to the measurement date	266,887	44,328	311,215
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ -	\$ 98,321	\$ 98,321
Changes of assumptions	-	19,308	19,308
Net difference between projected and actual earnings on plan investments	747,366	-	747,366
Changes in proportion and differences between contributions and proportionate share of contributions	17,442	-	17,442

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022 were \$95,512, which consisted of \$42,970 from the Town and \$52,542 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, 2022 were \$77,457, which consisted of \$30,750 from the Town and \$46,707 from non-law enforcement employees.

*5. Other Employment Benefits*

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

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**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	\$	266,887
Benefit payments made and administrative expenses for LEOSSA		44,328
Differences between expected and actual experience		216,480
Changes of assumptions		472,135
Net difference between projected and actual		-
Changes in proportion and differences between employer contributions and proportionate share of contributions		21,290
Total	<u>\$</u>	<u>1,021,120</u>

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 1,383	\$ 1,383
Taxes receivable, less penalties (General Fund)	-	17,804
Changes in assumptions	19,308	-
Differences between expected and actual experience	98,321	-
Net difference between projected and actual earnings on plan investments	747,366	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,442	-
Total	<u>\$ 883,820</u>	<u>\$ 19,187</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 \$8,836,614 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, 2022**

**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. The remaining employees that have access to funds are covered to a \$50,000 limit.

*8. Claims, Judgments and Contingent Liabilities*

At June 30, 2022, 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, 2022, including \$265,269 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 291,800	\$ 67,950
2024	291,800	57,882
2025	291,800	48,423
2026	291,800	39,555
2027	291,800	27,687
2028-2029	583,600	23,772
	<u>\$ 2,042,600</u>	<u>\$ 265,269</u>

At June 30, 2022, the Town had a legal debt margin of \$199,482,594.

*b. Changes in Long-Term Liabilities*

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Current Portion</u>
<b>Governmental Activities:</b>					
Direct Placement Installment Purchase	\$ 2,334,400	\$ -	\$ 291,800	\$ 2,042,600	\$ 291,800
Compensated absences	157,008	-	1,741	155,267	155,267
Net pension liability (LGERS)	1,136,085	-	634,515	501,570	-
Total pension liability (LEO)	796,100	-	120,108	675,992	-
Total governmental activities long-term liabilities	<u>\$ 4,423,593</u>	<u>\$ -</u>	<u>\$ 1,048,164</u>	<u>\$ 3,375,429</u>	<u>\$ 447,067</u>

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Current Portion</u>
Business-type Activities:					
Storm Water Fund					
Compensated absences	\$ 2,049	\$ 1,787	\$ -	\$ 3,836	\$ 3,836
Net pension liability (LGERS)	<u>30,282</u>	<u>-</u>	<u>8,741</u>	<u>21,541</u>	<u>-</u>
Total business-type activities					
long-term liabilities	\$ <u>32,331</u>	\$ <u>1,787</u>	\$ <u>8,741</u>	\$ <u>25,377</u>	\$ <u>3,836</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 99% and the storm water fund the remainder. The total pension liability (LEOSSA) is entirely liquidated by the general fund.

**b. Interfund Balance and Activity**

Balances due to/from other funds at June 30, 2022, consist of the following:

Due to the Potter/Pleasant Plains Intersection Improvement Capital Project Fund for Chestnut Roundabout improvements:

General Fund \$ 949,324

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

Storm Water Fund \$ 20

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

**D. Fund Balance**

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

<u>Total Fund Balance - General Fund</u>	<u>\$ 10,686,174</u>
Less:	
Stabilization by State Statute	552,759
Streets - Powell Bill	713,769
Drug Forfeiture Fund	10,362
Parks and Recreation	456,761
Subsequent Year Expenditures	208,200
Minimum Fund Balance Policy	<u>2,198,840</u>
Remaining Fund Balance	<u>\$ 6,545,483</u>

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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

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

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, 2022, the Town had the following encumbrances:

Governmental Activities:	
General Fund	\$ 99,019
Stormwater Fund	79,999
Total governmental activities	<u>\$ 179,018</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**

Federal and State Assisted Programs

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

Coronavirus Disease

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the Town, COVID-19 is expected to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the Town is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

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

**G. Significant Effects of Subsequent Events**

Management has evaluated subsequent events through November XX, 2021, the date the financial statements were made available to be issued and determined that no other events occurred that required recording in the financial statements.



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## **Required Supplementary Financial Data**

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

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



**Town of Stallings**  
**Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Nine Fiscal Years**  
**From Inception and For the Fiscal Year Ended June 30, 2022**

**Local Government Employees' Retirement System**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Stallings' proportion of the net pension liability (asset) (%)	0.03411%	0.03264%	0.03422%	0.03156%	0.03395%	0.0308%	0.0318%	0.0309%	0.0306%
Stallings' proportion of the net pension liability (asset) (\$)	\$ 523,111	\$ 1,166,367	\$ 934,523	\$ 748,712	\$ 518,663	\$ 653,679	\$ 142,761	\$ (180,285)	\$ 372,464
Stallings' covered payroll	\$ 2,242,166	\$ 2,166,675	\$ 2,200,303	\$ 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	23.33%	53.83%	42.47%	35.93%	25.23%	36.31%	8.43%	-11.09%	38.12%
Plan fiduciary net position as a percentage of the total pension liability	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

This schedule will not present ten years' worth of fiscal information until 2023.

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

**Local Government Employees' Retirement System**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 266,887	\$ 236,687	\$ 203,373	\$ 180,231	\$ 166,784	\$ 159,297	\$ 126,958	\$ 124,306	\$ 116,602
Contributions in relation to the contractually required contribution	266,887	236,687	203,373	180,231	166,784	159,297	126,958	124,306	116,602
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stallings' covered payroll	\$ 2,264,385	\$ 2,242,166	\$ 2,166,675	\$ 2,200,303	\$ 2,083,532	\$ 2,055,502	\$ 1,800,336	\$ 1,692,841	\$ 1,625,913
Contributions as a percentage of covered payroll	11.79%	10.56%	9.39%	8.19%	8.00%	7.75%	7.05%	7.34%	7.17%

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

This schedule will not present ten years' worth of fiscal information until 2023.

**Town of Stallings**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2022**

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

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

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

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

**Town of Stallings**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2022**

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

Notes to the schedules:

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

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

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

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## **Individual Fund Statements and Schedules**

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**Town of Stallings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2022**

**Schedule 1**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes	\$ 4,710,160	\$ 4,738,457	
Penalties and interest	6,500	8,632	
Total	<u>4,716,660</u>	<u>4,747,089</u>	<u>\$ 30,429</u>
Other taxes and licenses:			
Gross receipts tax - vehicle rental	7,500	14,090	
Total	<u>7,500</u>	<u>14,090</u>	<u>6,590</u>
Unrestricted intergovernmental:			
Local option sales tax	1,440,000	1,828,746	
Utilities sales tax	778,000	811,629	
Beer and wine tax	70,000	64,215	
Total	<u>2,288,000</u>	<u>2,704,590</u>	<u>416,590</u>
Restricted intergovernmental:			
Powell Bill allocation	388,700	445,984	
Solid waste disposal tax	11,800	12,200	
Governor's Crime Commission Grant	19,436	19,436	
Drug forfeiture	-	-	
Bullet proof vest grant	-	3,805	
NC Rural Economic Development Grant	1,600,000	1,652,458	
Total	<u>2,019,936</u>	<u>2,133,883</u>	<u>113,947</u>
Permits and fees:			
Zoning fees	65,000	61,480	
Fees in Lieu of Park Land	82,300	82,336	
Civil citations	2,400	10,800	
Public safety fees	3,100	4,178	
Traffic impact analysis fees	20,000	-	
Total	<u>172,800</u>	<u>158,794</u>	<u>(14,006)</u>
Sales and services:			
Rent	14,200	24,990	
Festival/event sales	1,900	993	
Total	<u>16,100</u>	<u>25,983</u>	<u>9,883</u>
Investment earnings	<u>2,100</u>	<u>14,201</u>	<u>12,101</u>
Miscellaneous:			
Insurance reimbursements	0.00	15,384	
Park fees and contributions	0.00	2,000	
Miscellaneous revenues	7,000	260,489	
Total	<u>7,000</u>	<u>277,873</u>	<u>270,873</u>
Total revenues	<u>9,230,096</u>	<u>10,076,503</u>	<u>846,407</u>

**Town of Stallings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund (Continued)**  
**For the Fiscal Year Ended June 30, 2022**

**Schedule 1**  
**cont**

	Budget	Actual	Variance Positive (Negative)
<b>Expenditures:</b>			
General government:			
Governing body:			
Salaries - elected officials		37,355	
Administration:			
Salaries and employee benefits		585,095	
Operating expenditures		294,838	
Contracted services		271,826	
Capital outlay		2,840,620	
Total	<u>4,322,900</u>	<u>4,029,734</u>	<u>293,166</u>
Public safety:			
Police:			
Salaries and employee benefits		2,042,994	
Operating expenditures		344,222	
Contracted services		9,000	
Capital outlay		121,245	
Total	<u>2,785,536</u>	<u>2,517,461</u>	<u>268,075</u>
Transportation:			
Streets and highways:			
Salaries and employee benefits		46,010	
Operating expenditures		204,145	
Contracted services		92,414	
Capital outlay		328,275	
Total	<u>1,236,800</u>	<u>670,844</u>	<u>565,956</u>
Environmental protection:			
Contracted services	<u>1,050,600</u>	<u>1,025,834</u>	<u>24,766</u>
Economic and physical development:			
Salaries and employee benefits		216,870	
Operating expenditures		27,055	
Contracted services		66,444	
Total	<u>404,600</u>	<u>310,369</u>	<u>94,231</u>
Public works;			
Salaries and employee benefits		140,696	
Operating expenditures		43,550	
Contracted services		43,090	
Total	<u>297,400</u>	<u>227,336</u>	<u>70,064</u>
Cultural and recreation:			
Salaries and employee benefits		317,848	
Operating expenditures		163,703	
Contracted services		86,340	
Capital outlay		131,735	
Total	<u>1,373,000</u>	<u>699,626</u>	<u>673,374</u>

**Town of Stallings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund (Continued)**  
**For the Fiscal Year Ended June 30, 2022**

**Schedule 1**  
**cont**

	Budget	Actual	Variance Positive (Negative)
Debt service:			
Principal	291,800	291,800	
Interest	77,200	77,181	
Total	369,000	368,981	19
Contingency	100	-	
Total	100	-	100
Total expenditures	11,839,936	9,850,185	1,989,751
Revenues over (under) expenditures	(2,609,840)	226,318	2,836,158
Fund balance appropriated	2,609,840	-	(2,609,840)
Net change in fund balance	\$ -	226,318	\$ 226,318
Fund balances, beginning		10,459,856	
Fund balances, ending		\$ 10,686,174	

**Town of Stallings  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2022**

**Schedule 2**

	<b>Stallings Municipal Park Capital Project Fund</b>	<b>Potter/Pleasant Plains Intersection Improvement Capital Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Current assets:			
Due from other funds	\$ -	\$ 949,324	\$ 949,324
Total assets	\$ -	\$ 949,324	\$ 949,324
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 62,000	\$ 62,000
Total liabilities	-	62,000	62,000
Fund balance:			
Unrestricted	-	887,324	887,324
Total liabilities and fund balances	\$ -	\$ 949,324	\$ 949,324

**Town of Stallings**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2022**

**Schedule 3**

	<b>Stallings Municipal Park Capital Project Fund</b>	<b>Potter/Pleasant Plains Intersection Improvement Capital Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Contributions	\$ -	\$ -	\$ -
Investment earnings	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
General government	-	-	-
Transportation	-	72,949	72,949
Cultural and recreational	-	-	-
Total expenditures	<u>-</u>	<u>72,949</u>	<u>72,949</u>
Revenue over (under) expenditures	-	(72,949)	(72,949)
Other financing sources:			
Transfer from General Fund	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(72,949)</u>	<u>(72,949)</u>
Fund balance, beginning	-	960,273	960,273
Fund balance, ending	<u>\$ -</u>	<u>\$ 887,324</u>	<u>\$ 887,324</u>

**Town of Stallings**  
**Stallings Municipal Park Capital Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2022**

**Schedule 4**

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

**Town of Stallings**  
**Potter/Pleasant Plains Intersection Improvement - Capital Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2022**

**Schedule 5**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
NC DOT Spot Safety Grant	\$ 829,000	\$ 1,215,505	\$ -	\$ 1,215,505	\$ 386,505
Union County	300,000	-	-	-	(300,000)
Total Revenues	<u>1,129,000</u>	<u>1,215,505</u>	<u>-</u>	<u>1,215,505</u>	<u>86,505</u>
<b>Expenditures:</b>					
Transportation	2,310,000	1,996,280	72,949	2,069,229	240,771
Total Expenditures	<u>2,310,000</u>	<u>1,996,280</u>	<u>72,949</u>	<u>2,069,229</u>	<u>240,771</u>
Revenues over (under) expenditures	<u>(1,181,000)</u>	<u>(780,775)</u>	<u>(72,949)</u>	<u>(853,724)</u>	<u>327,276</u>
<b>Other financing sources:</b>					
Transfer from General Fund	1,181,000	1,741,048	-	1,741,048	560,048
Total other financing sources	<u>1,181,000</u>	<u>1,741,048</u>	<u>-</u>	<u>1,741,048</u>	<u>560,048</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 960,273</u>	<u>(72,949)</u>	<u>\$ 887,324</u>	<u>\$ 887,324</u>
<b>Total fund balance:</b>					
Beginning of year, July 1			960,273		
End of year, June 30			<u>\$ 887,324</u>		

**Town of Stallings** **Schedule 6**  
**American Rescue Plan Act (ARPA) of 2021: Coronavirus State and Local Fiscal Recovery Funds**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
CSLRF funds	\$ 5,145,370	\$ -	\$ 5,145,370	\$ 5,145,370	\$ -
Investment revenues	-	-	2,070	2,070	2,070
Total Revenues	<u>5,145,370</u>	<u>-</u>	<u>5,147,440</u>	<u>5,147,440</u>	<u>2,070</u>
<b>Expenditures:</b>					
Public Safety					
Salaries	5,145,370	-	-	-	5,145,370
Total Expenditures	<u>5,145,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,145,370</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>5,147,440</u>	<u>5,147,440</u>	<u>5,147,440</u>
<b>Other financing sources:</b>					
Transfer to General Fund	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>5,147,440</u>	<u>\$ 5,147,440</u>	<u>\$ 5,147,440</u>
<b>Total fund balance:</b>					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 5,147,440</u>		

**Town of Stallings**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP) - Storm Water Fund**  
**For the Fiscal Year Ended June 30, 2022**

**Schedule 7**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Residential and commercial fees		\$ 481,845	
Total revenues	\$ 490,100	481,845	\$ (8,255)
Expenditures:			
Salaries and employee benefits		46,118	
Professional fees		114,203	
Other operating expenditures		100,711	
Capital Outlay		149,636	
Contingency		-	
Total expenditures	490,100	410,668	79,432
Revenues over (under) expenditures	-	71,177	71,177
Other financing sources (uses):			
Transfer to other fund:			
Fund balance appropriated	-	-	-
General Fund	-	-	-
Total other financing sources (uses)	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ -	71,177	\$ 71,177
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		149,636	
Depreciation		(19,362)	
Decrease in deferred outflows of resources - pensions		1,744	
Increase in net pension liability		8,741	
Decrease in deferred inflows of resources - pensions		(10,020)	
Increase in accrued vacation pay		(1,787)	
Change in net position		\$ 200,129	

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## **Other Schedules**

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**Town of Stallings**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2022**

**Schedule 8**

Fiscal Year	Uncollected Balance 06/30/2021	Additions	Collections And Credits	Uncollected Balance 06/30/2022
2021-2022	\$ -	\$ 4,735,048	\$ 4,731,349	\$ 3,699
2020-2021	6,914	-	2,951	3,963
2019-2020	3,807	-	957	2,850
2018-2019	1,330	-	1,059	271
2017-2018	120	-	5	115
2016-2017	341	-	2	339
2015-2016	108	-	-	108
2014-2015	2,797	-	-	2,797
2013-2014	2,564	-	-	2,564
2012-2013	1,098	-	-	1,098
2011-2012	479	-	479	-
	<u>\$ 19,558</u>	<u>\$ 4,735,048</u>	<u>\$ 4,736,802</u>	<u>\$ 17,804</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 4,747,089
Amounts written off per Statute of Limitations	479
Interest and penalties collected	(8,632)
Refunds and adjustments	<u>(2,134)</u>
Total collections and credits	<u>\$ 4,736,802</u>

**Town of Stallings  
Analysis of Current Tax Levy  
Town-Wide Levy  
June 30, 2022**

**Schedule 9**

	Town-Wide Levy			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 2,317,008,667	\$ 0.186	\$ 4,344,414	\$ 4,344,414	\$ -
Registered motor vehicles	215,878,413	0.186	416,343	-	416,343
Total	<u>2,532,887,080</u>		<u>4,760,757</u>	<u>4,344,414</u>	<u>416,343</u>
Discoveries	502,742	0.186	935	935	-
Releases	(14,324,903)	0.186	(26,644)	(26,644)	-
Total property valuation	<u>\$ 2,519,064,919</u>				
Net levy			<u>4,735,048</u>	<u>4,318,705</u>	<u>416,343</u>
Uncollected taxes at June 30, 2022			<u>(3,699)</u>	<u>(3,066)</u>	<u>(633)</u>
Current year's taxes collected			<u>\$ 4,731,349</u>	<u>\$ 4,315,639</u>	<u>\$ 415,710</u>
Current levy collection percentage			<u>99.92%</u>	<u>99.93%</u>	<u>99.85%</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.

<b>Contents</b>	<b>Pages</b>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	66-70
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property taxes.	71-74
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.	75-78
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.	79-80
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.	81-83



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## Financial Trends

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Primary government</b>										
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 21,382,155	\$ 19,006,919	\$ 20,423,290	\$ 18,692,634	\$ 17,494,027	\$ 15,238,157	\$ 10,651,733	\$ 11,476,374	\$ 10,852,479	\$ 13,138,693
Restricted	399,027	649,079	635,132	931,408	1,286,181	881,186	727,384	745,913	1,090,063	6,424,330
Unrestricted	5,511,994	6,598,559	7,529,109	8,072,675	8,041,878	7,305,426	11,190,190	8,933,072	9,105,824	9,117,257
<b>Total Net Position</b>	<b>27,293,176</b>	<b>26,254,557</b>	<b>28,587,531</b>	<b>27,696,717</b>	<b>26,822,086</b>	<b>23,424,769</b>	<b>22,569,307</b>	<b>21,155,359</b>	<b>21,048,366</b>	<b>28,680,280</b>
<b>Business-type Activities</b>										
Net investment in capital assets	-	-	-	-	63,680	104,293	385,891	576,007	604,623	734,896
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	393,880	299,429	606,727	699,830	881,418	1,152,240	1,284,670	1,065,701	1,222,943	1,292,799
<b>Total Net Position</b>	<b>393,880</b>	<b>299,429</b>	<b>606,727</b>	<b>699,830</b>	<b>945,098</b>	<b>1,256,533</b>	<b>1,670,561</b>	<b>1,641,708</b>	<b>1,827,566</b>	<b>2,027,695</b>
<b>Total primary government net position</b>	<b>\$ 27,687,056</b>	<b>\$ 26,553,986</b>	<b>\$ 29,194,258</b>	<b>\$ 28,396,547</b>	<b>\$ 27,767,184</b>	<b>\$ 24,681,302</b>	<b>\$ 24,239,868</b>	<b>\$ 22,797,067</b>	<b>\$ 22,875,932</b>	<b>\$ 30,707,975</b>

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 424,898	\$ 952,887	\$ 977,476	\$ 1,089,163	\$ 1,167,904	\$ 1,068,861	\$ 1,087,177	\$ 1,214,334	\$ 1,198,969	\$ 1,348,875
Public safety	2,001,411	1,886,133	1,859,414	2,046,085	2,234,108	2,318,412	2,314,035	2,441,615	2,450,185	2,499,510
Transportation	2,954,697	2,836,426	2,696,181	3,160,071	3,204,115	4,461,415	3,411,976	4,564,581	3,391,481	1,286,665
Economic and physical development	219,862	227,831	139,329	195,538	352,857	483,469	402,097	342,983	958,668	309,157
Environmental protection	832,879	859,831	903,601	912,934	885,217	906,820	885,833	945,978	410,079	1,025,834
Cultural and recreation	776,752	509,513	479,700	564,240	624,931	689,156	672,099	724,738	668,504	800,099
Public Works	-	-	-	-	-	138,979	278,521	267,894	225,606	243,457
Interest on long term debt	1,218	-	-	-	-	-	-	97,315	87,248	77,181
Total Governmental activities	7,211,717	7,272,621	7,055,701	7,968,031	8,469,132	10,067,112	9,051,738	10,599,438	9,390,740	7,590,778
<b>Business-type activities:</b>										
Stormwater	164,700	331,544	167,320	388,383	243,248	182,369	274,299	296,785	291,172	281,716
Total Business-type activities	164,700	331,544	167,320	388,383	243,248	182,369	274,299	296,785	291,172	281,716
Total primary government expenses	7,376,417	7,604,165	7,223,021	8,356,414	8,712,380	10,249,481	9,326,037	10,896,223	9,681,912	7,872,494
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	-	1,200	1,100	800	-	300	4,807	69,400	51,100	24,400
Public safety	8,693	6,515	5,429	6,219	3,345	4,036	2,736	2,841	1,773	4,178
Economic and physical development	31,499	41,820	82,049	96,409	62,855	78,807	137,033	96,603	57,220	61,480
Environmental protection	-	-	-	-	-	-	-	-	-	-
Cultural and recreation	17,634	151,872	75,390	62,066	124,881	14,687	56,141	3,808	56,562	94,719
Transportation	-	-	-	-	-	-	113,200	146,800	2,500	-
<b>Operating grants and contributions:</b>										
General government	63,962	156,468	29,827	505,762	39,889	1,859	1,000	-	-	6,797,828
Public safety	-	-	-	-	-	-	-	-	-	23,241
Transportation	-	-	-	-	-	-	-	2,086,814	2,100,048	695,984
Economic and physical development	8,012	-	-	-	-	-	-	-	-	-
Environmental protection	-	8,086	8,068	11,994	10,407	10,493	11,963	12,431	12,488	12,200
Transportation	360,731	368,285	375,211	558,002	393,611	399,228	1,614,960	-	-	-
<b>Capital grants and contributions:</b>										
Cultural and recreation	3,750	-	-	-	14,200	-	12,500	-	-	-
Public safety	-	6,200	46,701	-	-	-	-	-	-	-
Transportation	94,919	35,774	3,371,018	-	1,119,132	-	310,595	-	-	-
Total Governmental activities	589,200	776,220	3,994,793	1,241,252	1,768,320	509,410	2,264,935	2,418,697	2,281,691	7,714,030
<b>Business-type activities:</b>										
Stormwater	236,244	236,949	474,505	481,394	488,516	493,804	474,935	475,932	477,030	481,845
<b>Capital grants and contributions:</b>										
Stormwater	-	-	-	-	-	-	213,392	-	-	-
Total Business-type activities	236,244	236,949	474,505	481,394	488,516	493,804	688,327	475,932	477,030	481,845
Total governmental activities program revenues	825,444	1,013,169	4,469,298	1,722,646	2,256,836	1,003,214	2,953,262	2,894,629	2,758,721	8,195,875
<b>Net (expense)/revenue</b>	<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>	<u>(8,001,594)</u>	<u>(6,923,191)</u>	<u>323,381</u>
Total governmental activities net (expense)/revenue										

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
<i>Taxes:</i>										
Property taxes	3,534,525	3,677,957	3,697,772	3,705,616	3,819,553	3,909,481	3,999,804	4,095,217	4,195,776	4,745,840
Other Taxes and licenses	-	-	-	-	-	2,117,572	2,184,198	2,256,536	2,469,255	2,718,679
Unrestricted intergovernmental revenues	-	-	-	-	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	10,320	8,587	7,348	15,849	35,226	86,035	149,508	116,977	2,057	14,670
Restricted investment earnings	450	41	122	1,541	1,885	4,491	10,958	5,630	80	1,601
Miscellaneous	47,571	37,317	36,629	35,824	151,590	35,977	9,792	82,433	281,774	27,872
Gain / Loss on sale of capital assets	2,317	-	(4,100)	60,250	7,062	6,829	-	2,000	-	-
Total governmental activities general revenues	<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>	<u>6,558,793</u>	<u>6,948,942</u>	<u>7,508,662</u>
<b>Change in Net Position</b>										
Governmental activities	(1,353,494)	(1,038,619)	2,588,834	(890,814)	(629,435)	(3,397,317)	(432,543)	(1,413,948)	(160,107)	7,631,914
Business-type activities	71,689	(94,451)	307,298	93,103	245,268	311,435	414,028	(28,853)	185,858	200,129
Net position-beginning	28,968,861	27,687,056	26,553,986	29,194,258	28,396,547	27,767,184	24,681,302	24,239,868	22,797,067	22,875,932
Restatement	-	-	(255,860)	-	(245,196)	-	(422,919)	-	53,114	-
Net position-ending	<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>	<u>\$ 22,797,067</u>	<u>\$ 22,875,932</u>	<u>\$ 30,707,975</u>

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Fund</b>										
<b>Non-spendable</b>										
Prepays	\$ 196	\$ 754	\$ 135,406	\$ 26,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Restricted</b>										
Stabilization by State Statute	228,966	211,796	249,413	285,214	667,933	601,599	462,389	401,137	475,157	552,759
Streets - Powell Bill	170,061	373,424	320,121	251,888	313,445	153,094	239,450	291,514	568,898	713,769
Drug Forfeiture	-	63,859	65,598	394,306	304,803	126,493	25,545	53,262	46,008	10,362
<b>Committed</b>										
Law Enforcement Separation Allowance	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	374,474	426,858	456,761
Chestnut Lane Roundabout	-	-	-	-	-	350,000	350,000	-	-	-
<b>Assigned</b>										
Designated for subsequent year's expenditures	1,239,200	1,615,000	200,000	1,266,000	1,000,000	1,550,000	2,016,800	2,091,800	747,982	208,200
Minimum fund balance requirement	-	-	-	2,211,600	2,249,400	2,478,150	2,654,040	2,189,160	1,770,640	2,198,840
<b>Unassigned</b>										
Unassigned	4,253,239	4,925,945	7,249,940	4,533,650	5,216,484	3,355,658	3,270,119	4,138,319	6,424,313	6,545,483
Total General Fund	<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>	<u>\$ 9,539,666</u>	<u>\$ 10,459,856</u>	<u>\$ 10,686,174</u>
<b>All Other Governmental Funds</b>										
<b>Reserved for:</b>										
Capital projects	-	(28,340)	640	-	(42,868)	-	3,356,299	-	-	-
ARPA Funds	-	-	-	-	-	-	-	-	-	5,147,440
Non-Major Funds	-	-	-	-	-	-	-	1,193,280	960,273	887,324
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,193,280</u>	<u>\$ 960,273</u>	<u>\$ 6,034,764</u>				

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Ad valorem taxes	\$ 3,544,630	\$ 3,672,033	\$ 3,695,103	\$ 3,720,553	\$ 3,817,785	\$ 3,913,632	\$ 4,036,118	\$ 4,088,572	\$ 4,200,515	\$ 4,747,089
Other taxes and licenses	934,963	74,281	80,587	38,209	42,555	38,287	23,004	7,593	7,449	14,090
Unrestricted intergovernmental	739,022	1,659,743	1,831,497	1,978,768	2,013,506	2,079,285	2,161,194	2,248,943	2,461,807	2,704,590
Restricted intergovernmental	432,705	532,839	459,807	1,075,758	507,625	411,580	1,627,923	414,998	675,031	7,279,253
Permits and fees	40,192	179,440	140,191	145,173	180,042	85,143	300,450	306,644	162,707	158,794
Sales and services	-	21,967	23,777	20,321	18,101	14,687	13,467	14,008	14,377	25,983
Investment earnings	10,625	8,484	7,357	17,298	37,111	90,526	160,466	122,607	2,136	16,271
Miscellaneous	71,272	37,317	36,629	96,070	151,590	46,562	9,794	1,768,680	1,719,283	277,873
<b>Total revenues</b>	<b>5,773,409</b>	<b>6,186,104</b>	<b>6,274,948</b>	<b>7,092,150</b>	<b>6,768,315</b>	<b>6,679,702</b>	<b>8,332,416</b>	<b>8,972,045</b>	<b>9,243,305</b>	<b>15,223,943</b>
<b>Expenditures</b>										
General government	825,843	907,226	937,940	1,151,216	1,088,485	997,495	957,762	1,060,868	1,011,211	1,189,114
Public safety	1,892,499	1,776,382	1,795,748	1,841,215	2,083,637	2,148,102	2,174,311	2,147,061	2,172,375	2,396,216
Transportation	552,087	639,084	380,415	1,524,683	351,139	1,486,959	365,548	2,312,362	2,133,292	415,518
Environmental protection	832,879	859,831	903,601	912,934	885,217	906,820	885,833	945,978	958,668	1,025,834
Economic and physical development	219,862	227,831	146,378	193,851	348,067	478,897	405,282	326,667	415,598	310,369
Culture and recreation	633,693	332,132	483,064	385,890	577,026	470,477	449,216	483,499	198,342	567,891
Public Works	-	-	-	-	-	133,334	269,313	244,661	426,921	227,336
<b>Debt service:</b>										
Principal	19,958	-	-	-	-	-	-	291,800	291,800	291,800
Interest	1,218	-	-	-	-	-	-	97,315	87,248	77,181
<b>Capital outlay:</b>										
General government	-	-	6,600	-	17,260	197,402	901,362	2,123,895	544,601	2,840,620
Public safety	83,587	100,405	130,282	209,780	202,206	283,691	214,786	112,817	120,502	121,245
Transportation	271,466	-	395,143	-	611,674	519,060	432,460	360,452	111,388	328,275
Economic and physical development	-	-	-	-	-	11,397	-	-	-	-
Culture and recreation	-	-	5,514	-	-	73,194	146,497	76,231	24,415	131,735
Public Works	-	-	-	-	-	67,077	243,967	612,609	59,761	-
<b>Total expenditures</b>	<b>5,333,092</b>	<b>4,842,891</b>	<b>5,184,685</b>	<b>6,219,569</b>	<b>6,164,711</b>	<b>7,773,905</b>	<b>7,446,337</b>	<b>11,196,215</b>	<b>8,556,122</b>	<b>9,923,134</b>
Excess of revenues over (under) expenditures	440,317	1,343,213	1,090,263	872,581	603,604	(1,094,203)	886,079	(2,224,170)	687,183	5,300,809
<b>Other financing sources (uses)</b>										
Debt issued, capitalized leases	-	-	-	-	-	-	2,918,000	-	-	-
Transfer to/from other funds (uses)	-	-	-	-	-	-	-	208,000	-	-
Total other financing sources (uses)	-	-	-	-	-	-	2,918,000	208,000	-	-
Net change in fund balances	\$ 440,317	\$ 1,343,213	\$ 1,090,263	\$ 872,581	\$ 603,604	\$ (1,094,203)	\$ 3,804,079	\$ (2,016,170)	\$ 687,183	\$ 5,300,809
Debt services as a percentage of noncapital expenditures	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.9%	4.9%	5.7%

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## **Revenue Capacity**

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

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>					
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
2020	1,602,149,361	287,518,178	13,457,548	1,903,125,087	0.2150
2021	1,616,957,918	298,504,305	16,121,189	1,931,583,412	0.2150
2022	2,175,599,042	323,385,888	20,079,989	2,519,064,919	0.1860

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Mecklenburg County	\$ 0.7922	\$ 0.8157	\$ 0.8157	\$ 0.8157	\$ 0.8157	\$ 0.8157	\$ 0.8232	\$ 0.6169	\$ 0.6169	\$ 0.6169
Union County	\$ 0.6600	\$ 0.6600	\$ 0.7614	\$ 0.7765	\$ 0.7665	\$ 0.7810	\$ 0.7309	\$ 0.7309	\$ 0.7309	\$ 0.5880
Municipality Rates:										
Town of Stallings	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.1860

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 2022			Fiscal Year 2013		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Berry Global Films, LLC (formerly AEP Industries Inc)	Manufacturer	41,746,217	1	1.64%	32,263,827	1	1.97%
Chestnut Farm Apartments LLC	Apartments	18,076,100	2	0.71%			
T&C of NC LLC	Automotive Showroom	16,435,700	3	0.65%	14,696,090	2	0.90%
Idlewild Phase 1 Retail Investors LLC	Retail/Shopping Center	16,304,600	4	0.64%	8,796,740	5	0.54%
Stevens Mill Retail, LLC	Retail/Shopping Center	11,572,500	5	0.45%			0.00%
CEM Holdings Corporation	Corporate Headquarters	11,214,972	7	0.44%	4,968,620	8	0.30%
McGee Corporation	Corporate Headquarters	11,203,331	6	0.44%	7,747,830	6	0.47%
HAM Holdings Stallings LLC	Daycare Facility	10,052,500	8	0.39%			
ML Austin Village LLC	Retail/Shopping Center	9,321,900	9	0.37%			
Northeast Tools & Manufacturing Co	Manufacturer	8,599,041	10	0.34%			
Triangle Properties Associates LLC	Retail/Shopping Center	-	-	-	10,983,750	3	0.67%
Hallmark Properties VI Et Al	Retail Development	-	-	-	10,081,460	4	0.62%
Interchange X LLC	Storage Facility	-	-	-	5,820,570	7	0.36%
MAK Corporation of Monroe	Hotel	-	-	-	4,951,430	9	0.30%
Sovran Acquisition Limited	Storage Facility	-	-	-	4,444,960	10	0.27%
<b>Total</b>		<b>\$ 154,526,861</b>		<b>6.07%</b>	<b>\$ 104,755,277</b>		<b>6.41%</b>

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

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

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	Amount	Percentage of Adjusted Levy
2013	3,535,481	3,503,286	99.09%	31,638	99.98%	3,534,924	99.98%
2014	3,658,098	3,623,590	99.06%	31,944	99.93%	3,655,534	99.93%
2015	3,688,886	3,664,902	99.35%	21,187	99.92%	3,686,089	99.92%
2016	3,698,728	3,683,588	99.59%	15,032	100.00%	3,698,620	100.00%
2017	3,817,650	3,805,186	99.67%	12,125	99.99%	3,817,311	99.99%
2018	3,901,677	3,895,482	99.84%	6,080	100.00%	3,901,562	100.00%
2019	4,022,614	4,015,106	99.81%	7,237	99.99%	4,022,343	99.99%
2020	4,090,187	4,077,348	99.69%	9,989	99.93%	4,087,337	99.93%
2021	4,189,548	4,182,634	99.83%	2,951	99.91%	4,185,585	99.91%
2022	4,735,048	4,731,349	99.92%	-	99.92%	4,731,349	99.92%

Source: Town of Stalling Tax Records and Audited Financial Statements

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## **Debt Capacity**

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

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (1)	Percentage of Personal Income
2013	-	0.00%	-	-
2014	-	0.00%	-	-
2015	-	0.00%	-	-
2016	-	0.00%	-	-
2017	-	0.00%	-	-
2018	-	0.00%	-	-
2019	-	0.00%	-	-
2020	-	0.00%	-	-
2021	-	0.00%	-	-
2022	-	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**

Fiscal Year	Governmental Activities				Total Primary Government	Per Capita	Percentage of Per Capita Income
	Capital Leases	Notes Payable/Installment Purchase					
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%
2020	-	2,626,200	-	-	2,626,200	163	0.66%
2021	-	2,334,400	-	-	2,334,400	143	0.57%
2022	-	2,042,600	-	-	2,042,600	123	0.50%

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, 2022**

<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)	\$ 2,042,600	100.00%	\$ 2,042,600
<i>Counties:</i>			
Union County (2)	380,700,113	6.81%	25,908,049
Mecklenburg County (3)	1,920,380,078	0.02%	415,104
Total direct and overlapping debt	<u>\$ 2,303,122,791</u>		<u>\$ 28,365,753</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 (\$2,505,375,781) and Union County (\$36,693,704,000). Determined by ratio of assessed value of taxable property in the Town of Stallings (\$42,228,944) and Mecklenburg County (\$195,870,899,398).
- (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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assessed Value of Property	\$ 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	\$ 1,903,125,087	\$ 1,931,583,412	\$ 2,519,064,919
Debt Limit, 8% of Assessed value (Statutory Limitation)	131,552,781	136,115,274	137,260,874	141,276,222	140,693,732	144,874,117	149,232,791	152,250,007	154,526,673	201,525,194
Debt applicable to debt limitations:										
Capital Leases	-	-	-	-	-	-	-	-	-	-
Notes Payable/Installment Purchases	-	-	-	-	-	-	2,918,000	2,626,200	2,334,400	2,042,600
Statutory Deductions	-	-	-	-	-	-	-	-	-	-
Total debt applicable to limitations	-	-	-	-	-	-	2,918,000	2,626,200	2,334,400	2,042,600
Legal debt limit	131,552,781	136,115,274	137,260,874	141,276,222	140,693,732	144,874,117	146,314,791	149,623,807	152,192,273	199,482,594
Total net debt applicable to the limit as a percentage of debt limit	<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>	<u>1.72%</u>	<u>1.51%</u>	<u>1.01%</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 not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the Town's net debt outstanding applicable to the limit, and represents the Town's legal borrowing authority.

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## **Demographic and Economic Information**

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Total Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Public School Enrollment</b>	<b>Unemployment Rate</b>	<b>Town Average Household Income</b>	<b>Median Age</b>
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
2020	16,112	-	\$ 51,326	659	3.9%	\$ 99,937	39.8
2021	16,340	-	\$ 53,417	684	2.1%	\$ 102,249	40.7
2022	16,568	-	\$ 50,961	647	3.0%	\$ 90,012	39.4

Sources: Data provided by the United States Census Bureau; United States Department of Commerce, Bureau of Economic Analysis; Union County Public Schools, Enrollment Information Reports; North Carolina Department of Commerce, Labor & Economic Analysis Division; and the World Population Review, US Cities Statistical Report

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

	<u>2022</u>			<u>2013</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)	276	1	17.75%	-	-	0.00%
Atrium Health Union West Hospital	274	2	17.62%	-	-	0.00%
Scott Clark Toyota	244	3	15.69%	-	-	0.00%
CEM Corporation	230	4	14.79%	-	-	0.00%
McGee Corporation	136	5	8.75%	-	-	0.00%
Harris Teeter - Idlewild	84	6	5.40%	-	-	0.00%
MMDi	80	7	5.14%	-	-	0.00%
Mario's Italian Restaurant & John's Place	80	8	5.14%	-	-	0.00%
International Construction Equipment	76	9	4.89%	-	-	0.00%
Stallings Elementary School	75	10	4.82%	-	-	0.00%

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

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## **Operating Information**

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

<b>Function</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
General government	11	11	10	12	11	15	12	12	11	11
Public safety	25	25	25	25	26	26	26	26	25	25
Cultural and recreation	3	4	4	3	4	3	3	3	4	4
<b>Total</b>	<b>39</b>	<b>40</b>	<b>39</b>	<b>40</b>	<b>41</b>	<b>44</b>	<b>41</b>	<b>41</b>	<b>40</b>	<b>40</b>

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Parks and recreation</b>										
Park facility	2	2	2	2	2	3	3	3	3	3
Park acreage	33.5	33.5	33.5	33.5	37.0	37.3	37.3	37.3	37.3	37.3
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Sworn officers	22	22	22	20	23	23	23	20	24	24
K-9 Unit	-	-	-	-	-	-	1	1	1	1
Civilians - Full-time	3	3	3	3	3	3	3	3	2	2
Patrol vehicles - marked	18	19	20	21	20	22	22	22	20	19
Patrol vehicles - unmarked	6	6	5	5	5	4	3	4	6	7
<b>Public Works</b>										
Town - maintained streets (miles)	44	44	51	51	53	53	53	53	53.7	53.9
Sidewalks (miles)	-	18.0	19.0	20.0	21.0	22.0	22.0	22.0	22.6	22.6

Sources: Asset records for departments of the Town

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

<u>Functional Area</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Government</b>										
Tax collection rate	99.35%	99.59%	99.67%	99.84%	99.67%	99.84%	99.81%	99.69%	99.83%	99.92%
<b>Culture and Recreation</b>										
Attendance at all events/programs/classes	7,400	5,965	8,835	11,345	18,166	12,632	10,415	11,923	1,607	6,050
Total of events/programs/classes	17	21	14	49	173	59	13	9	18	30
<b>Public Safety</b>										
Calls for service	11,622	12,371	12,836	11,402	11,166	9,976	9,723	10,262	10,300	12,115
Arrests	341	307	232	198	168	206	218	198	207	222
K-9 Assisted Arrests							8	5	9	10
Citations Issued	2,458	2,183	1,737	1,447	1,754	1,117	1,060	1,172	1,007	1,514
Community/Proactive Events	19,553	21,164	21,821	23,929	30,262	34,598	30,081	31,158	28,491	31,827
<b>Public Works</b>										
Miles of Streets/Sidewalks - Town-maintained Streets	44	44	51	51	53	53	53	53	53.7	53.9
Sidewalks	-	18.0	19.0	20.0	21.0	22.0	22.0	22.0	22.6	22.6
Traffic Impact Analysis	-	-	-	-	-	-	2	3	4	1
<b>Economic and Physical Development</b>										
Zoning Permit Activity	225	358	325	306	223	514	364	192	378	357

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 calendar year 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 of available space to continue holding these programs and classes. Also, the Stallings Municipal Park Fountain was closed the summer season in 2020 and 2021 due to the COVID 19 pandemic which further reduced activities.

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

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## **Compliance Section**

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

**Independent Auditors' Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2022, and the related notes to the financial statements, which collectively comprises the Town of Stallings' basic financial statements, and have issued our report thereon dated November 22, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Stallings' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Stallings' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Stallings' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Stallings' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

POTTER & Company, PA

Monroe, North Carolina  
November 22, 2022



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

**Independent Auditors' Report**

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Stallings, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major State programs for the year ended June 30, 2022. The Town of Stallings' major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Stallings complied, in all material respects, with the types compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Town of Stallings and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the Town of Stallings' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Town of Stallings State programs.

## Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Stallings' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Stallings' compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Stallings' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Town of Stallings' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Stallings' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control Over Compliance

A deficiency *in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in Auditors' Responsibilities for the Audit of Compliance section and above and was not designed to identify all

deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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

*POTTER & Company, PA*

Monroe, North Carolina  
November 22, 2022

**TOWN OF STALLINGS  
SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

Financial Statements

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

Internal control over financial reporting:

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

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

State Awards

Internal control over major State Programs:

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

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

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

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

Identification of major State programs:

Program Name

State Capital and Infrastructure Fund

**TOWN OF STALLINGS**  
**SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**Section II. Financial Statement Findings**

None Reported.

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

None Reported.

**TOWN OF STALLINGS  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

Significant Deficiency – Dual Signatures on Checks

Finding 2021-001

Status: Corrected

Significant Deficiency – Payroll Retirement Withholdings

Finding 2021-002

Status: Corrected

Significant Deficiency – Prior Period Adjustment

Finding 2021-003

Status: Corrected

**Town of Stallings**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2022**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct and Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b>Federal Grants:</b>					
U.S. Department of Justice Passed-through the NC Department of Public Safety Edward Byrne Memorial Justice Assistance Grant	16.738	15PBJA-21-GG-00278-JAGX	\$ 19,436	\$ -	\$ 274
Total Assistance - Federal Programs			<u>19,436</u>	<u>-</u>	<u>274</u>
<b>State Grants:</b>					
<u>NC Department of Transportation</u>					
Powell Bill			-	302,714	-
Total NC Department of Transportation			<u>-</u>	<u>302,714</u>	<u>-</u>
<u>NC Department of Commerce</u>					
NC Rural Economic Development Grant		2022-078-1257-1913	-	31,433	-
Total NC Department of Commerce			<u>-</u>	<u>31,433</u>	<u>-</u>
<u>NC Office of State Budget and Management</u>					
State Capital and Infrastructure Fund		11561	-	1,600,000	-
Total NC Office of State Budget and Management			<u>-</u>	<u>1,600,000</u>	<u>-</u>
Total Assistance - State Programs			<u>-</u>	<u>1,934,147</u>	<u>-</u>
Total Federal and State awards			<u>\$ 19,436</u>	<u>\$ 1,934,147</u>	<u>\$ 274</u>

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

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Stallings under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Stallings, it is not intended to and does not present the financial position, changes in net position of cash flows of The Town of Stallings.

Note 2. Summary of Significant Accounting Policies

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

The Town of Stallings has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



**Comprehensive Annual Financial Report  
Fiscal Year Ended on June 30, 2021**