



November 22, 2021
 Stallings Town Hall
 321 Stallings Government Center
 Stallings, NC 28104
 704-821-8557
www.stallingsnc.org

Town Council Agenda

	Time	Item	Presenter	Action Requested/Next Step
	7:00 p.m.	Invocation Pledge of Allegiance Call the Meeting to Order	Wyatt Dunn, Mayor	NA
	7:05 p.m.	Public Comment	Wyatt Dunn, Mayor	NA
1.	7:15 p.m.	Agenda Approval	Wyatt Dunn, Mayor	Approve agenda as written. <i>(ADD, IF APPLICABLE: with changes as described by Mayor Dunn)</i> Motion: I make the motion to: 1) Approve the Agenda as presented; or 2) Approve the Agenda with the following changes: _____
2.	7:17 p.m.	CZ21.04.01 – CZ – Ag – Wilson <i>This item was deferred from November 8, 2021.</i> A. Re-open Public Hearing B. Information from Staff C. Public Hearing D. Close Public Hearing E. Council Vote	Matthew West, Planning Technician	Approve/Deny request.
3.	7:45 p.m.	Text Amendments A. TX21.10.02 – Add building heights to text B. TX21.10.04 – Clarify Conditional Zoning Intent C. TX21.11.01 – Retaining Wall Standards D. TX21.11.02 – Clarify multi-family residential building and sidewalk height difference 1. Open Public Hearing 2. Information from Staff 3. Public Hearing 4. Close Public Hearing 5. Council Vote	Matthew West, Planning Technician	Approve/Deny amendments

4.	8:05 p.m.	Finance Items A. Audit Presentation – Potter and Co. B. Amended Budget Ordinance 1 <i>2725 Stallings Road</i> C. Quarterly Financial Report D. Five Year Plan	Marsha Gross, Finance Officer	Approve/ Deny amendment ordinances
5.	8:35 p.m.	FY 2021-22 Town Council Transition Support Plan Draft	Alex Sewell, Town Manager	Information
6.	8:50 p.m.	Adjournment	Wyatt Dunn, Mayor	Motion to adjourn



**PLANNING
& ZONING**
TOWN of STALLINGS

APPLICATION

CZ21.04.01

Ricky and Juanita Wilson

Agri-business + Landscaping
Business

Pre-Public Hearing Staff Analysis

Project Summary

Location

4416 Stevens Mill Road

Required Setbacks

Front: 16'

Side: 5'

Rear: 12'

Ownership

Ricky Wilson and
Juanita Wilson

Size/Project Size

17.1 Acres

Zoning

MU-1

Traffic Generation

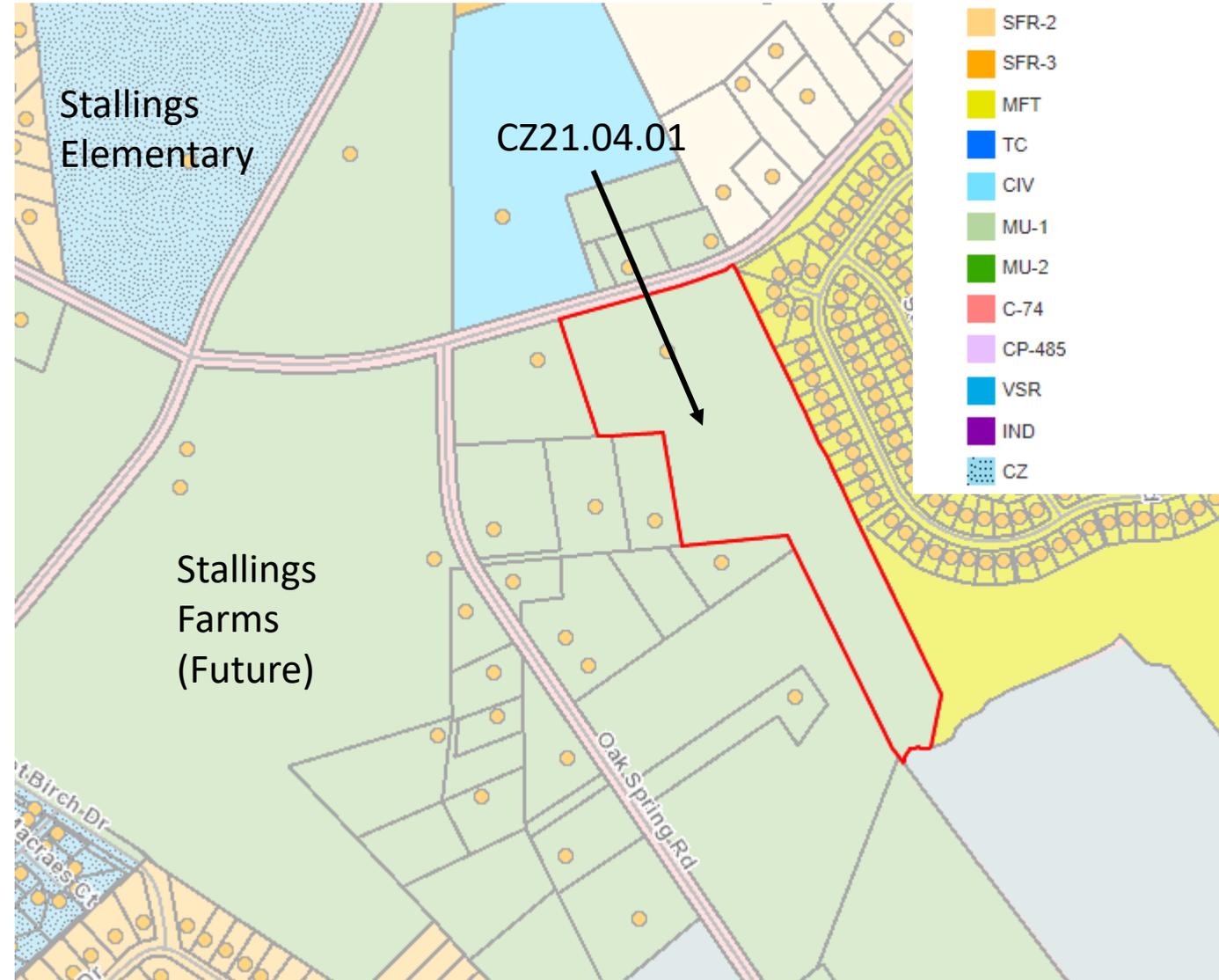
N/A No TIA required

Existing Use

Vacant

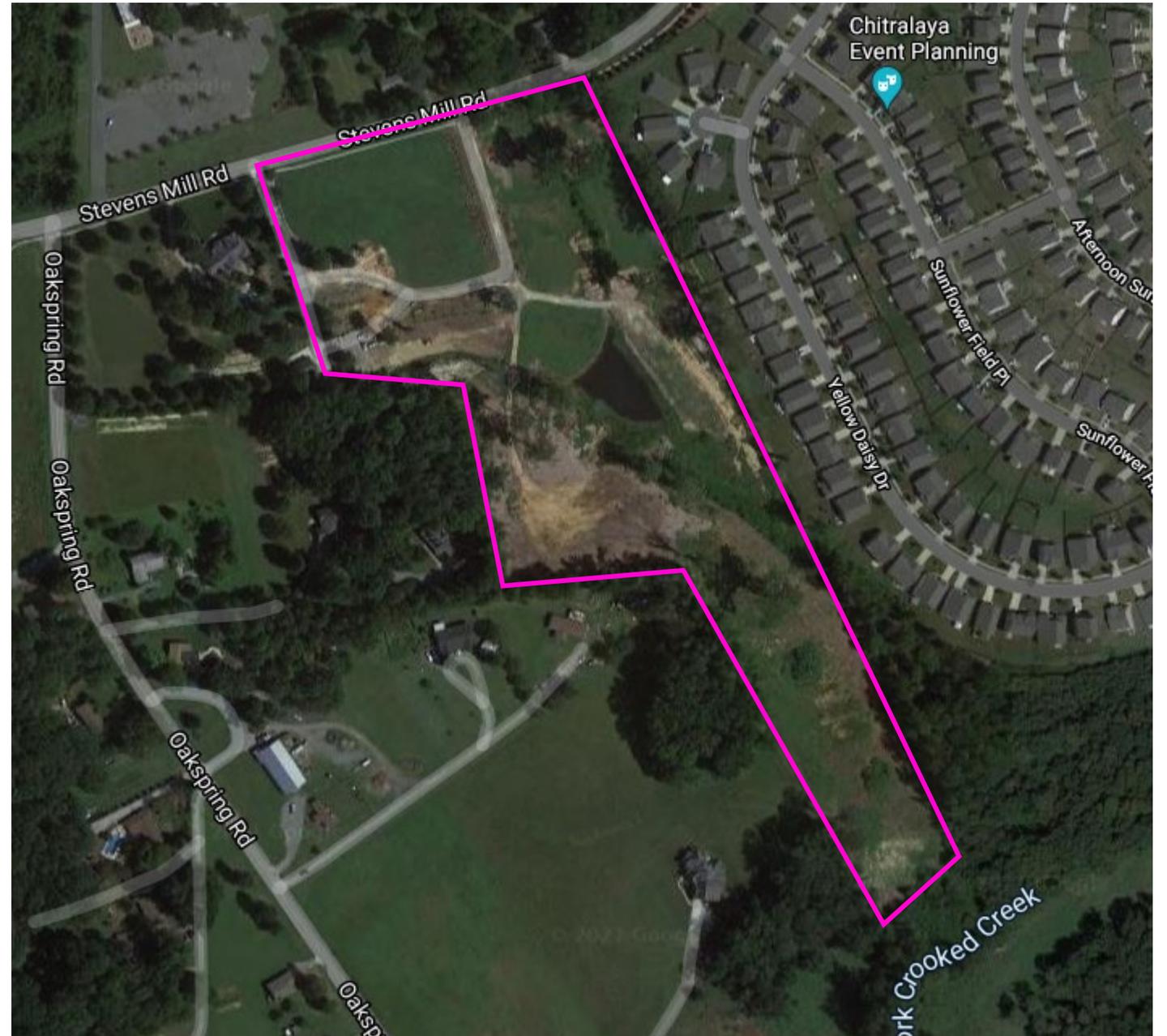
Community Meeting

05/25/2021



PROJECT AREA

2021 Aerial



Project Summary

History:

Monitoring began around April 2020 due to a suspected landscaping business being operated on this property.

September 3, 2020 - Notice of Violation (NOV) was issued for the non-conforming landscaping business.

September 28, 2020 - STOP WORK was issued based on non-response to initial NOV, additional citizen complaints (noise and smell), and evidence of an expansion of the existing non-conforming business. Mr. Wilson and his daughter-in-law contacted Lynne Hair to request information on the rezoning process.

April 6, 2021 - 7 months after the initial NOV was given, a rezoning application for the property had not been received. Ms. Hair contacted Mr. Wilson and gave a deadline of April 15, 2021 to completely remove the mulch piles or civil fines would start June 1, 2021. Discussions took place between Ms. Hair, Mr. Wilson, and the Wilson's lawyer to lift the stop work to allow them to continue to clean up the land and that no new product could be brought onto the land until after the rezoning meeting (if approved).

Code Enforcement continues to monitor the property.

COMMUNITY MEETING

Meeting: 05/25/2021

The meeting was held via Zoom at 7:00 pm. There were between 15-20 residents who attended the meeting.

Summary provided by applicant:

The Applicant also discussed the allowed uses as the property is currently zoned MU-1, including the numerous commercial uses allowed by the Ordinance under the current designation. The Applicant showed the proposed site plan and the anticipated plan for the acceptance and processing of natural product, i.e. mulch. Applicant discussed the plans for screening and operation.

Of the community members in attendance, there were two who spoke against the proposed rezoning application. The concerns voiced were regarding noise, smell, and processing of mulch as a business. The opposition also expressed concerns regarding screening and plan of operation.

The Applicant answered and addressed all questions posed and the meeting was concluded at approximately 8pm.

SUBCOMMITTEE MEETING

Meeting: 07/12/2021

The conversation of the meeting was centered around the mulching business, with the additional AG uses not being addressed. The main topics discussed were:

- What are the nuisances resulting from the mulching business
 - Noise
 - Dust
 - Aesthetics
 - Smell
- What are the magnitudes of the nuisances
- How can the nuisances be mitigated

Ms. Grooms suggested that smell not be considered a significant nuisance due to the difficulty in quantifying that nuisance. Landscape buffers and berms were suggested as potential remedies to the nuisances. Mr. Scholl asked for the number of trucks that would be entering and exiting the property each day if the mulch business were approved and running at full capacity, to which Mr. Eric Wilson responded the number would be around 50.

PLANNING BOARD MEETING

Meeting: 07/13/2021

One of the main concerns discussed was the conceptual nature of the request. The submitted site plan includes a setback and proposed locations of buildings the applicant may want to build, but not specific locations or intended uses.

Increased traffic was also a concern that would not be mitigated with a berm or planted buffer.

Board members expressed concern that this use would be damaging to the existing neighborhoods, which is a priority of the Comprehensive Land Use Plan. Given the proximity of the Fairhaven and approved Stallings Farms neighborhoods, they did not feel that the mulching and agricultural uses requested were appropriate for this area.

The Planning Board recommended **DENIAL** of the request as presented.

TOWN COUNCIL PUBLIC HEARING

Meeting: 08/09/2021

The Town Council heard the concerns of the community and Staff regarding the rezoning application. After hearing Staff's presentation, the applicant's presentation, and comments for the public both in support and in opposition of the conditional rezoning request, Council decided they would like further discussions between the applicant and the Town to address concerns and remedies to the concerns.

Meeting: 09/27/2021

The Town Council continued the Public Hearing and decided to resume the Public Hearing at a date unspecified

Meeting: 11/08/2021

The Town Council heard Staff's recommendation and the Applicant's Request for the rezoning item to be heard before the Planning Board on 11/16/2021, and then for final Public Hearing on 11/22/2021.



10/2/2015
Picture taken prior to Current Code Enforcement Officer monitoring site.



9/2/2020
Mr. Wilson's garden



9/2/2020
Large mulch piles on Fairhaven side of property along with tree growth along the roadway in the property.



1/15/2021
Mulch piles on Fairhaven side of property, some on the Wilson house side of the property.



1/28/2021
Mulch processing



1/29/2021
Various mulch piles



5/4/20 - Processing mulch on property.



5/21/21 – Current state

Request

Conditional Zoning:

1. Continue existing landscaping business, including the processing of mulch.
2. 15 selected uses allowed in the AG (Agricultural) district:
 1. Accessory Building Units
 2. Agricultural Based Business Facilities
 3. Agricultural Production with Crops and Livestock
 4. Agricultural Production within Building
 5. Landscape Services with Outside Storage
 6. Single Family Dwelling

TREES, VEGETATION, AND STORMWATER

Tree Save

6% of the lot area (~1 acre)

- Section 11.8-4 (D.) allows for 50% of the required TCA to be met by reforestation if approved by the *Development Administrator*.
- Section 11.8-4 (F.) allows for the *Development Administrator* to waive TCA requirements due to unusual or unique site characteristics

Stormwater Management and PCO

If there is less than 1 acre of land disturbed, then Article 19 would not apply.

If there is more than 1 acre of land disturbed, then a 30' undisturbed stream buffer would need to be provided around all perennial and intermittent surface waters.

Buffers

Subject to landscaping buffer requirements as defined in Article 11, unless modified with the conditional zoning approval.

Open Space

No floor area being added as part of this rezoning request; open space provisions do not apply.

LAND USE PLAN AND ADOPTED POLICIES

Land Use Plan

The Land Use Plan shows the property as:

Single Family Neighborhood.

Primary Land Uses:

Single-Family Detached Home

Secondary Land Uses:

Community Park

Community Center/Pool and Recreational Facilities

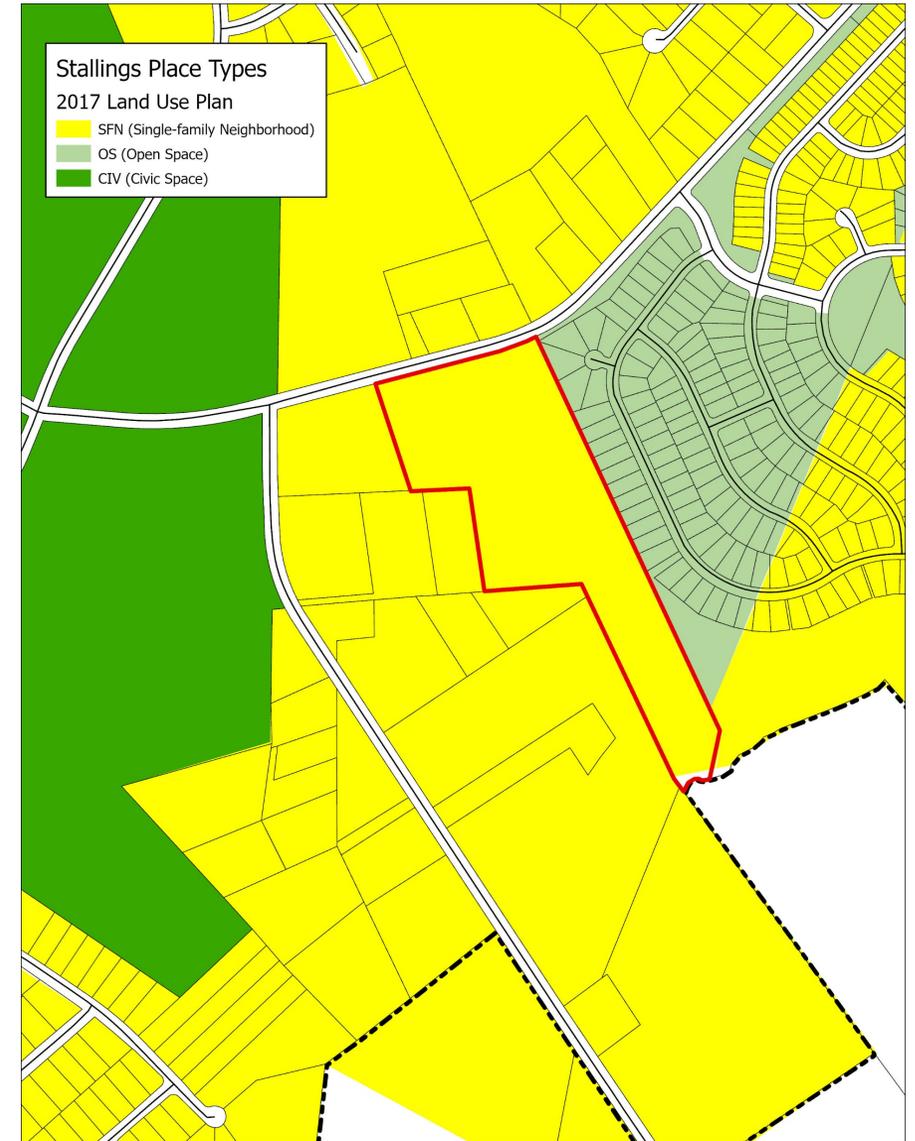
Natural Areas

Small Area Plan

Stallings Elementary School Node

Consistency

Agricultural-based business is **inconsistent** with the Land Use Plan



STAFF SUGGESTED CONDITIONS

1. Any necessary permits must be acquired from the State, County, and Town as applicable.
2. All requirements of the Agricultural zoning district shall be met, except where explicitly modified by the conditions agreed by both the Town Council and the applicant
3. A revised survey be provided showing all conditions approved before any zoning permits are issued.
4. The Agricultural Production with Crops and Livestock be limited to a “Hobby Farm”.
 - The farm use cannot be the livelihood of the operator.

PLANNING BOARD MEETING

Meeting: 11/17/2021

The Planning Board responded positively to the revised site plan. There was some concern that the revised plan still did not provide enough specifics to make a recommendation, however the Planning Board felt that the application did meet the definition of a site-specific development plan.

The Planning Board recommended **APPROVAL** of the request with the following statement:

Conditional Zoning CZ21.04.01 is approved as shown in the site plan titled Eric Wilson R4-CAD Project 2000 1551A Sheet 1 of 2 with the following changes and clarifications.

1. From point L8 to #4 Rebar found near lot 398 Fairhaven provide a type B buffer per the SDO.
2. From the point L15 to point L8, provide a type C Buffer per the SDO.

The conditions recommended seek to mitigate impacts, as well as clarify the buffer planting schedule.



Statement of Consistency and Reasonableness

ZONING AMENDMENT: CZ 21.04.01

REQUEST: Request for 4416 Stevens Mill Road, tax parcel #07078012C to be conditionally zoned to allow the continued operation of their landscaping business and limited agricultural uses.

WHEREAS, The Town of Stallings Town Council, hereafter referred to as the “Town Council”, adopted the Stallings Comprehensive Land Use Plan on November 27, 2017; and

WHEREAS, the Town Council finds it necessary to adopt a new land development ordinance to maintain consistency with the Comprehensive Land Use Plan; and

WHEREAS, the Town Council finds it necessary to revise the Unified Development Ordinance to comply with state law found in NCGS § 160D.

WHEREAS, the Town Council finds it necessary to consider the Planning Board’s recommendations.

THEREFORE, The Town Council hereby votes that the proposed zoning amendment is inconsistent and reasonable with the Comprehensive Land Use Plan adopted on November 27, 2017 based on the goals and objectives set forth in the document of promoting quality development and consistency with all state mandated land use regulations established through NCGS § 160D. The Town Council **APPROVES** the proposed amendment and stated that the Town Council finds and determines that the zoning amendment is inconsistent and reasonable with the key guiding principles, goals, and objectives of the Comprehensive Land Use Plan for the following reasons:

- 1) The agricultural use is less intense than the mixed-uses that could be allowed on the property.
- 2) Natural topography of the site would make developing the property according to the Comprehensive Plan unfeasible.
- 3) Market forces have not indicated that the site is desirable for a Single Family Neighborhood.

Adopted this the ___ day of _____, 2021

Wyatt Dunn, Mayor

Attest:

Erinn Nichols, Town Clerk



MEMO

To: Town of Stallings Town Council
From: Matthew West, Planning Technician
Date: November 17, 2021
RE: **TX21.10.02 – Article 9: Add building heights in text**

Application Request:

Building height limits are not specified in text for some building types. The proposed amendment is simply to add the maximum building heights from the pictures included in the ordinance to text for ease of reading.

A Statement of Consistency and Reasonableness must also be considered for this item.

Planning Board:

This text amendment was heard at the October 19, 2021 Planning Board Meeting. There was one comment that accessory structure building height should also be included in this amendment. The amendment was recommended for **APPROVAL** with the changes listed below.

Suggested Amendment:

Section 9.2-3 (A.) [Detached Single Family]

~~(1.) (1-)~~ Building heights

(a.) Principal Building height is limited to thirty (30') feet. Building heights shall be measured as the vertical distance from the mean elevation of the finished grade to a point representing the midpoint of the peak and eave heights.

(b.) Accessory Building height is limited to twenty-five (25') feet. Building heights shall be measured as the vertical distance from the mean elevation of the finished grade to a point representing the midpoint of the peak and eave heights.

Section 9.6-3 (A.) [Shop-front Commercial]

(4.) Building height is limited to forty-five (45') feet. Buildings shall have no less than two (2) stories. Buildings shall have no more than three (3) stories, unless the building is in a "TNDO" district, in which case the maximum number of stories and maximum building height is regulated by the procedure for "TNDO" approval in Article 7 of this Ordinance. Additionally, property that is located within the Mixed Use 2 (MU-2) district and has frontage on or is within

a mixed-use project that has frontage on Highway 74 may have a vertical height limit of seventy (70') feet. *(Amended May 14, 2018)*

Section 9.7-3 (A.) [Urban Workplace]

(4.) Building height is limited to forty-five (45') feet. Buildings shall have no less than two (2) stories. Buildings shall have no more than three (3) stories, unless the building is in a “TNDO” district, in which case the maximum number of stories and maximum building height is regulated by the procedure for “TNDO” approval in Article 7 of this Ordinance.



Statement of Consistency and Reasonableness

ZONING AMENDMENT: TX21.10.02

REQUEST: Add building heights in text to Article 9 of the Town of Stallings Unified Development Ordinance.

WHEREAS, The Town of Stallings Town Council, hereafter referred to as the “Town Council”, adopted the Stallings Comprehensive Land Use Plan on November 27, 2017; and

WHEREAS, the Town Council finds it necessary to adopt a new land development ordinance to maintain consistency with the Comprehensive Land Use Plan; and

WHEREAS, the Town Council finds it necessary to revise the Unified Development Ordinance to comply with state law found in NCGS § 160D.

WHEREAS, the Town Council finds it necessary to consider the Planning Board’s recommendations.

THEREFORE, The Town Council hereby votes that the proposed text amendment is consistent and reasonable with the Comprehensive Land Use Plan adopted on November 27, 2017 based on the goals and objectives set forth in the document of promoting quality development and consistency with all state mandated land use regulations established through NCGS § 160D. The Town Council **APPROVES** the proposed amendment and stated that the Town Council finds and determines that the text amendment is consistent and reasonable with the key guiding principles, goals, and objectives of the Comprehensive Land Use Plan for the following reasons:

- 1) The proposed amendment provides consistency of information across all building types.
- 2) The proposed amendment alleviates any confusion on if the images provided in the Stallings Development Ordinance are examples or are binding.

Adopted this the ___ day of _____, 2021

Wyatt Dunn, Mayor

Attest:

Erinn Nichols, Town Clerk



MEMO

To: Town of Stallings Town Council
From: Matthew West, Planning Technician
Date: November 17, 2021
RE: **TX21.10.04 – Conditional Zoning intent**

Application Request:

Article 5 (Amendments to Ordinance and Map) of the Town of Stallings Unified Development Ordinance is proposed to be modified to align with the intent of the Conditional Zoning process more closely.

A Statement of Consistency and Reasonableness must also be considered for this item.

Planning Board:

This text amendment was heard at the October 19, 2021 Planning Board Meeting. The amendment was recommended for **APPROVAL**.

Suggested Amendment:

Section 5.4-3

(C.) All standards and requirements of the corresponding Primary General Use District shall be met, except to the extent that the conditions imposed by the conditional zoning ~~modify are more restrictive than~~ the general use standards.



Statement of Consistency and Reasonableness

ZONING AMENDMENT: TX21.10.04

REQUEST: Clarify intent of the Conditional Rezoning process

WHEREAS, The Town of Stallings Town Council, hereafter referred to as the “Town Council”, adopted the Stallings Comprehensive Land Use Plan on November 27, 2017; and

WHEREAS, the Town Council finds it necessary to adopt a new land development ordinance to maintain consistency with the Comprehensive Land Use Plan; and

WHEREAS, the Town Council finds it necessary to revise the Unified Development Ordinance to comply with state law found in NCGS § 160D.

WHEREAS, the Town Council finds it necessary to consider the Planning Board’s recommendations.

THEREFORE, The Town Council hereby votes that the proposed text amendment is consistent and reasonable with the Comprehensive Land Use Plan adopted on November 27, 2017 based on the goals and objectives set forth in the document of promoting quality development and consistency with all state mandated land use regulations established through NCGS § 160D. The Town Council **APPROVES** the proposed amendment and stated that the Town Council finds and determines that the text amendment is consistent and reasonable with the key guiding principles, goals, and objectives of the Comprehensive Land Use Plan for the following reasons:

- 1) The proposed amendment aligns with the intent of the Conditional Zoning process.
- 2) The proposed amendment gives more flexibility to the Town Council to approve projects that will improve the Town.

Adopted this the ___ day of _____, 2021

Wyatt Dunn, Mayor

Attest:

Erinn Nichols, Town Clerk



MEMO

To: Town of Stallings Planning Board
From: Matthew West, Planning Technician
Date: November 17, 2021
RE: **TX21.11.01 – Article 2: Add retaining wall standards**

Application Request:

Retaining walls are not clearly defined in the UDO. These changes clarify that retaining walls have different standards than a free-standing wall.

A Statement of Consistency and Reasonableness must be considered with this item.

Planning Board:

The Planning Board heard this item on November 16, 2021. The Planning Board voted to recommend approval of the amendment as presented.

Suggested Amendment:

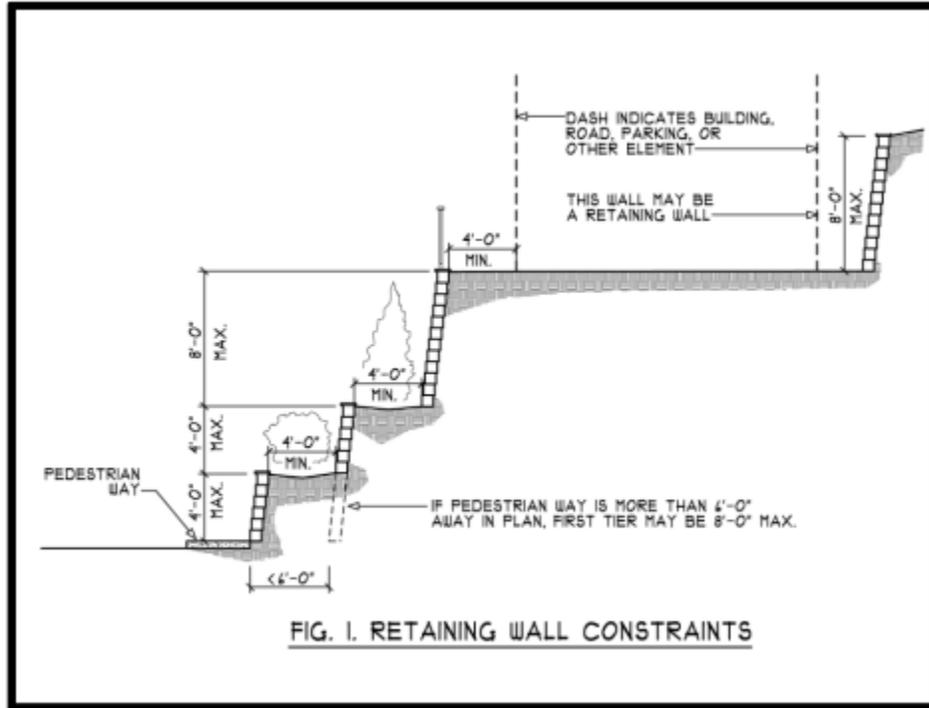
ADD:

Section 2.13-8 Retaining Walls.

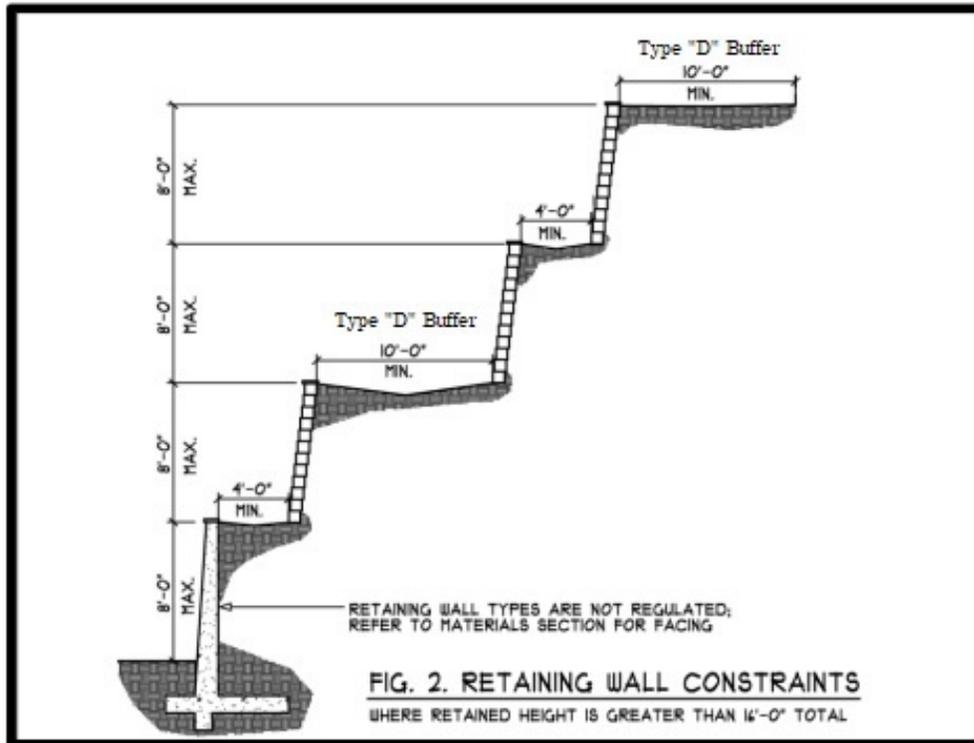
- (A.) No retaining wall may be more than eight feet (8') in height. This height does not include decorative caps that are less than eight inches (8") in height. Screen walls shall not be taller than necessary to conceal the item screened (such as a dumpster, HVAC equipment, etc.)
- (B.) Lot lines for newly created residential lots, created through the requirements established by Article 16 of the Stallings Development Ordinance, shall not be platted to include any part of a retaining wall. Retaining walls located within a residential subdivision shall remain as common space, to be maintained by the owner or Owner's Association. Retaining walls in a non-residential development shall be maintained by the owner.
- (C.) Residential property lines located near the top of a retaining wall shall be a minimum of four (4') feet horizontally from the top of the retaining wall. Non-residential buildings shall be a minimum of four (4') feet horizontally from the top of the retaining wall.
- (D.) A safety fence must be provided at the top of a retaining wall series. The safety fence should be a minimum of forty-two (42") inches tall. If constructed of opaque materials,

the safety fence height shall be included in the eight (8') foot maximum retaining wall height. The safety fence should not be designed in a way that is climbable or would allow a child to crawl under or around.

- (E.) Any portion of a retaining wall which is within six feet (6') of a sidewalk or pedestrian way shall not exceed four (4') feet in height. Subsequent walls must be offset a minimum of four (4') feet in plan. See Figure 1 below.



- (F.) The space between retaining walls in series shall include a swale for appropriate stormwater conveyance and landscaped with appropriate grasses, vines, or other ground cover selected for stormwater management purposes. This space may contain shrubs and trees not to exceed thirty-five (35') feet in height at maturity and shall be spaced to provide visual screening of the retaining wall. This area shall be maintained in accordance with the provisions of Article 11.
- (G.) Retaining walls in series which collectively exceed sixteen (16') feet in height shall have a ten (10') foot wide buffer at each sixteen (16') foot interval, following the planting rate of a Type "D" buffer (see Article 11). Retaining walls which are separated by a building, a road, or a parking area of at least ten (10') shall be exempt from the planting requirements. See Figure 2 below.



*Landscape requirements from Section 2.13-8 (F.) not shown on Figure 2, but do apply.

(H.) Publicly visible site wall material and color shall be architecturally compatible with the principal building(s) on site.



Statement of Consistency and Reasonableness

ZONING AMENDMENT: TX21.11.01

REQUEST: Add retaining wall standards to Article 2 of the Town of Stallings Unified Development Ordinance.

WHEREAS, The Town of Stallings Town Council, hereafter referred to as the “Town Council”, adopted the Stallings Comprehensive Land Use Plan on November 27, 2017; and

WHEREAS, the Town Council finds it necessary to adopt a new land development ordinance to maintain consistency with the Comprehensive Land Use Plan; and

WHEREAS, the Town Council finds it necessary to revise the Unified Development Ordinance to comply with state law found in NCGS § 160D.

WHEREAS, the Town Council finds it necessary to consider the Planning Board’s recommendations.

THEREFORE, The Town Council hereby votes that the proposed text amendment is consistent and reasonable with the Comprehensive Land Use Plan adopted on November 27, 2017 based on the goals and objectives set forth in the document of promoting quality development and consistency with all state mandated land use regulations established through NCGS § 160D. The Town Council **APPROVES** the proposed amendment and stated that the Town Council finds and determines that the text amendment is consistent and reasonable with the key guiding principles, goals, and objectives of the Comprehensive Land Use Plan for the following reasons:

- 1) The proposed amendment will provide standards currently lacking from the Unified Development Ordinance
- 2) The proposed amendment will protect adjacent landowners from “monolithic” retaining walls.

Adopted this the ___ day of _____, 2021

Wyatt Dunn, Mayor

Attest:

Erinn Nichols, Town Clerk



MEMO

To: Town of Stallings Planning Board
From: Matthew West, Planning Technician
Date: November 17, 2021
RE: **TX21.11.02 – Article 9: Clarify multi-family residential building and sidewalk height difference**

Application Request:

The intent of the height difference between the Finished Floor Elevation (FFE) of the multi-family residential building and the adjacent sidewalk was to provide a visual distinction between the building and the street scape. Clarifying language is proposed to be added to indicate that the height difference applies to only the sidewalks adjacent to the public street, and that the height difference should be measured from each entrance to the building. The intended effect is to design buildings so that no entrance is at street level.

A Statement of Consistency and Reasonableness must be considered with this item.

Planning Board:

The Planning Board heard this item on November 16, 2021. At that meeting, the Planning Board voted to recommend approval of the amendment.

Suggested Amendment:

Section 9.4-2 (A.)

(6.) Grading shall provide for smooth grade transitions to avoid abrupt “v” ditches, swales and other disruptions to the landscape, particularly between buildings where open space enhancements for use by persons actively utilizing the landscape and/or yard area. The use of crawl-space construction techniques in multi-family residential structures or professional landscape design is required to meet this characteristic of site development to establish a Finished Floor Elevation (FFE) a minimum of two (2') vertical feet above ~~adjacent the~~ sidewalk adjacent to the publicly or privately maintained street right-of-way. Slab-on-grade construction is prohibited. The height difference between the sidewalk adjacent to the public street frontage and the FFE shall be measured at each entrance to the building.



Statement of Consistency and Reasonableness

ZONING AMENDMENT: TX21.11.02

REQUEST: Clarify multi-family residential building and sidewalk elevation differences in Article 9 of the Town of Stallings Unified Development Ordinance.

WHEREAS, The Town of Stallings Town Council, hereafter referred to as the “Town Council”, adopted the Stallings Comprehensive Land Use Plan on November 27, 2017; and

WHEREAS, the Town Council finds it necessary to adopt a new land development ordinance to maintain consistency with the Comprehensive Land Use Plan; and

WHEREAS, the Town Council finds it necessary to revise the Unified Development Ordinance to comply with state law found in NCGS § 160D.

WHEREAS, the Town Council finds it necessary to consider the Planning Board’s recommendations.

THEREFORE, The Town Council hereby votes that the proposed text amendment is consistent and reasonable with the Comprehensive Land Use Plan adopted on November 27, 2017 based on the goals and objectives set forth in the document of promoting quality development and consistency with all state mandated land use regulations established through NCGS § 160D. The Town Council **APPROVES** the proposed amendment and stated that the Town Council finds and determines that the text amendment is consistent and reasonable with the key guiding principles, goals, and objectives of the Comprehensive Land Use Plan for the following reasons:

- 1) The intent of the elevation difference between the sidewalk and the Finished Floor Elevation (FFE) was to provide a visual separation between the private realm of the building and the public realm of the street. The proposed amendment clarifies this intent.

Adopted this the ___ day of _____, 2021

Wyatt Dunn, Mayor

Attest:

Erinn Nichols, Town Clerk

**TOWN OF STALLINGS,
NORTH CAROLINA**

Report to the Town Council

June 30, 2021

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AUDIT REPORTS

Report on the Financial Statements

We have issued an *unmodified audit report* on the basic financial statements of the Town of Stallings, North Carolina for the year ended June 30, 2021. An unmodified report is the highest level of assurance that a certified public accountant can issue and states that the financial statements present fairly, in all material respects, the financial position of the Town.

FINANCIAL POSITION

The balance sheets are found on pages 17 and 19 of the financial statements.

Cash and Investments

The cash and investments balances are as follows:

	<u>2021</u>	<u>2020</u>
Cash and investments – General Fund	\$ 11,293,390	\$ 10,829,533
Cash and investments – Storm Water Fund	1,252,098	1,109,082
Total	<u>\$ 12,545,488</u>	<u>\$ 11,938,615</u>

The cash and investments are invested as follows:

	<u>2021</u>	<u>2020</u>
Cash in bank	\$ 2,475,299	\$ 2,673,948
North Carolina Capital Management Trust	10,069,989	9,264,667
Total	<u>\$ 12,545,288</u>	<u>\$ 11,938,415</u>

Fund Equity – Governmental Activities

The components of total fund equity are as follows:

	<u>General</u>	<u>Capital Projects</u>
Fund balances – restricted:		
Stabilization by State statute	\$ 475,157	\$ -
Streets – Powell Bill	568,898	-
Drug Forfeiture	46,008	-
	<u>1,090,063</u>	<u>-</u>
Fund balances - committed:		
Parks and Recreation	426,858	-
Capital Projects Fund	-	960,273
	<u>426,858</u>	<u>960,273</u>
Fund balances – assigned:		
Subsequent year’s expenditures	747,982	-
Minimum fund balance requirement	1,770,640	-
	<u>2,518,622</u>	<u>-</u>
Fund balances – unassigned:		
Unassigned	6,424,313	-
	<u>6,424,313</u>	<u>-</u>
Total Fund Equity	<u>\$ 10,459,856</u>	<u>\$ 960,273</u>

FINANCIAL POSITION - Continued

The general and capital projects funds classify fund balance as follows:

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

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

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

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

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.

FINANCIAL POSITION - Continued

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.

BUDGET PERFORMANCE

The statement of revenues, expenditures and changes in fund balance - general fund, is found on page 23 of the financial statements. The components are as follows:

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Ad valorem taxes	\$ 4,032,500	\$ 4,200,515	\$ 168,015
Unrestricted intergovernmental	2,124,000	2,461,807	337,807
Restricted intergovernmental	411,800	675,031	263,231
Other taxes and licenses	8,500	7,449	(1,051)
Permits and fees	216,400	162,707	(53,693)
Investment earnings	126,000	2,136	(123,864)
Sales and services	20,100	14,377	(5,723)
Miscellaneous	1,623,866	1,719,283	95,417
Total Revenues	<u>8,563,166</u>	<u>9,243,305</u>	<u>680,139</u>
Expenditures:			
Current:			
General Government	1,746,500	1,550,092	196,408
Public Safety	2,685,770	2,292,877	392,893
Transportation	2,433,066	2,011,673	421,393
Economic & Community Development	480,800	415,598	65,202
Environmental Protection	1,020,000	958,668	61,332
Public Works	303,800	258,103	45,697
Cultural and recreational	685,200	451,336	233,864
Debt service:			
Principal	291,800	291,800	-
Interest	88,100	87,248	852
Contingency	100	-	100
Total Expenditures	<u>9,735,136</u>	<u>8,317,395</u>	<u>1,417,741</u>
Revenues Over (Under) Expenditures	(1,171,970)	925,910	2,097,880
Other Financing Sources (Uses):			
Transfers to other funds	(1,706,000)	(5,720)	1,700,280
Total other financing sources (uses)	<u>(1,706,000)</u>	<u>(5,720)</u>	<u>1,700,280</u>
Fund Balance Appropriated	<u>2,877,970</u>	<u>-</u>	<u>(2,877,970)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 920,190</u>	<u>\$ 920,190</u>

FINANCIAL DATA – PERFORMANCE INDICATORS

Appendix A

PERFORMANCE INDICATORS OF CONCERN

The self-reported information from your unit's audit report was used to generate the following trends and performance indicators. We have created this Performance Indicator Tab to make these indicators available to auditors and local governments when your audit is conducted. If any unit's results are shaded red then the unit must submit a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters" within 60 days from the auditor's board presentation. The response must address all performance indicators shaded in red.

Performance Indicator Worksheet

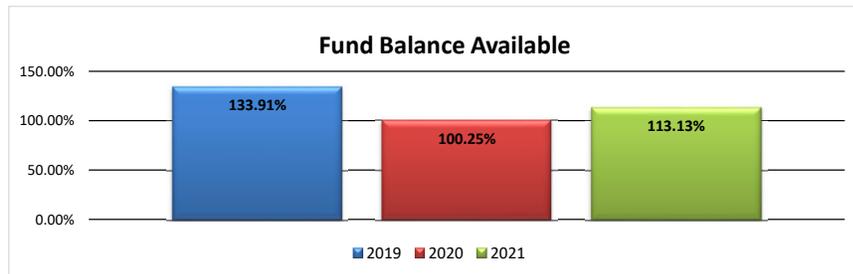
Unit Name:	Stallings	Fiscal Year 2021	
Unit Number:	50457		

Municipalities			
General Fund Expenditures below:	Median FBA as % of Expenditures without Powell Bill	Minimum Thresholds FBA as % of Expenditures	# of Months FBA using Annualized Expenditures
\$100,000	260%	100%	12.00
\$100,000 to \$999,999	132%	71%	8.52
\$1,000,000 to \$9,999,999	63%	34%	4.08
Above \$10,000,000	46%	25%	3.00

Counties			
General Fund Expenditures below:	Median FBA as % of Expenditures without Powell Bill	Minimum Thresholds FBA as % of Expenditures	# of Months FBA using Annualized Expenditures
Below \$100,000,000	39%	20%	2.40
\$100,000,000 and above	32%	16%	1.92

In the past, units of government have been grouped by population to evaluate various ratios and benchmarking. This year we have also grouped units by expenditure which is a more effective comparison for some ratios. Beginning with this year, units of government have been grouped by general fund expenditures for purposes of evaluating available fund balance as a percentage of expenditures (GF FBA%). Each grouping category has its own minimum threshold. If you are in the lower quartile your GF FBA% might be considered a performance indicator of concern and you might be asked to communicate to us. To the left are the minimum thresholds for Municipalities and Counties.

GENERAL FUND:	Minimum Threshold	Unit Results
----------------------	-------------------	--------------



34% -- Average of similar units is 63%

113.13%

Fund balance available for appropriation is an important reserve for local governments to provide cash flow during periods of declining revenues and to be used for emergencies and unforeseen expenditures. The information to the left indicates the amount of available cash on hand. You will also see the average for units of your size. Note that 8.33% represents enough fund balance to cover one month of expenditures. Normally, a unit has to either increase revenues or decrease expenditures to increase fund balance available.

This calculation looks at fund balance available plus debt service fund balance (if applicable) less Powell Bill. This number is then divided by the total of total expenditures plus transfers out less bond proceeds.

Performance Indicator Worksheet

Unit Name:	Stallings		Fiscal Year 2021	Explanation of Performance Indicator
Unit Number:	50457			
GENERAL PERFORMANCE INDICATORS:				
	2021	Target		
The 2021 Audit Report is expected to be submitted within five months plus one day from the fiscal year end per the auditor. (December 1st for most units)	Yes	5 months plus one day after the fiscal year end	Yes	As stewards of the public's resources, the governing body is responsible for ensuring that the audited financial statements are available to the public in a timely manner. External groups such as the North Carolina General Assembly, federal and State agencies that provide funding, and other public associations need current financial information about your local government as well.
	2021	Target		
The budgeted tax levy for the General fund had more than 3% uncollected for the fiscal year audited - decreases are shown by a negative %	4%	Less than 3%	4%	This indicator shows that the local government did not collect 3% (or more) of its budgeted tax levy. This could be an indicator of negative economic events, inaccurate budgeting, and/or issues with the collection process. Uncollected revenues at the 3% level represent several pennies of the tax rate.
	2021	Target		
You indicated that you expect a decrease in property value for your next property revaluation. In your Response Letter please discuss the magnitude of the drop in valuation, the overall cause of the drop and how your County plans to recover the lost revenues.	Increase	Any estimated decrease	Increase	You indicated that you expect a decrease in property value for your next property revaluation which could result in lost tax revenue.
	2021	Target		
Does the entity have an effective pre-audit process to ensure that pervasive budgetary over-expenditures do not occur at the budget ordinance level?	Yes	No over-expenditures	Yes	The unit had expenditures that exceeded the legal budget ordinance. This indicates that the unit's purchase order system, contract approval process and / or payment process is not in compliance with North Carolina General Statute 159.
	2021	Target		
The local government had a mandate placed on them by DEQ, a court order or some similar requirement (that has no realistic appeal path) that the financial effect will be greater than 3% of the WS Budget and is not yet budgeted.	No		No	The local government has indicated there is substantial unbudgeted costs that could significantly impact their operations and/or customer rates.
	2021	Target		
If a unit has no performance indicators of concern that would require them to submit a Response to Audit Findings, Recommendations and Fiscal Matters, but they are currently on the Unit Assistance List, they must still submit a Response to Audit Findings, Recommendations and Fiscal Matters. Their response should discuss the financial plan they have developed to address the issues that placed them on the Unit Assistance List and the progress they have made to date.	Unit is not on the Unit Assistance List at this time	On the Unit Assistance List	Unit is not on the Unit Assistance List at this time	N/A-Unit is not on the Unit Assistance List.
	2021	Target		
The Unit had Statutory Violations listed in the Audit Report that should be addressed in the Unit Response Letter	No		No	This indicator lists whether the unit has a statutory violation.

Performance Indicator Worksheet

Unit Name:	Stallings	Fiscal Year 2021		Explanation of Performance Indicator
Unit Number:	50457			
GENERAL PERFORMANCE INDICATORS:		2021	Target	
The unit had problems with debt service payments being late and/or did not comply with the bond covenants?	No		No	This indicator lists whether or not the unit has issues with debt service payments or bond covenants.
		2021	Target	
You have indicated that you have a landfill that will be closing or have a significant portion closing within the next 5 years and will have the closure/postclosure cost fully funded by the date of closure.	N/A		N/A	This indicator tells if you have a landfill that is estimated to close within 5 years but the unit may not have enough funds for the closure/post closure costs.
		2021	Target	
The unit must address the material and/or significant findings or any other findings that the auditor reported to them.	3			This indicator states whether or not your auditor has identified material and/or significant findings or any other findings for your unit.
		2021	Target	
Electric Transfers-out have exceeded the amounts described in GS 159B-39. If your unit is a member of the North Carolina Eastern Municipal Power Agency it appears you have violated the GS. If you are not a member of the Eastern Municipal Power Agency we would like to understand what you are funding with the transfers-out and do you plan to continue this practice.	No		No	This indicator shows if there were transfer out of the Electric Fund. This only applies to units that are subject to GS 159B-39 : Apex, Ayden, Belhaven, Benson, Clayton, Edenton, Elizabeth City, Farmville, Fremont, Greenville, Hamilton, Hertford, Hobgood, Hookerton, Kinston, LaGrange, Laurinburg, Louisburg, Lumberton, New Bern, Pikeville, Red Springs, Robersonville, Rocky Mount, Scotland Neck, Selma, Smithfield, Southport, Tarboro, Wake Forest, Washington, and Wilson.
		2021	Target	
In addition to the any significant and material findings the Auditor can describe any additional issues the unit should address that affect the fiscal health or internal controls of the unit that were communicated to the unit during the Audit Presentation.	0		0	This indicator lists any other issues that the unit should address.

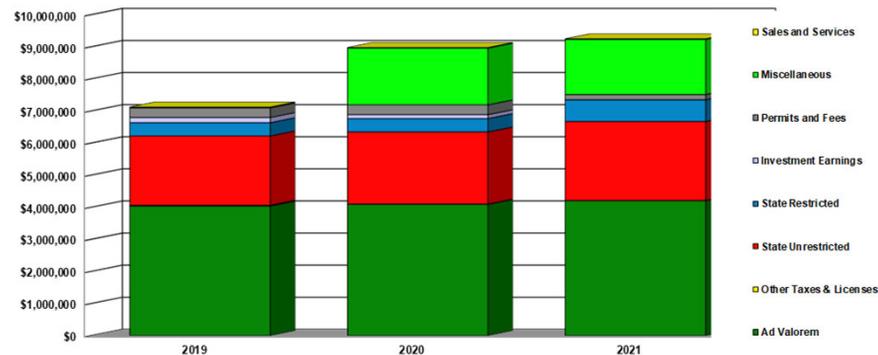
FINANCIAL DATA - GRAPHIC PRESENTATION

Appendix B

TOWN OF STALLINGS

Source of Revenues by Function – General Fund Last Three Fiscal Years

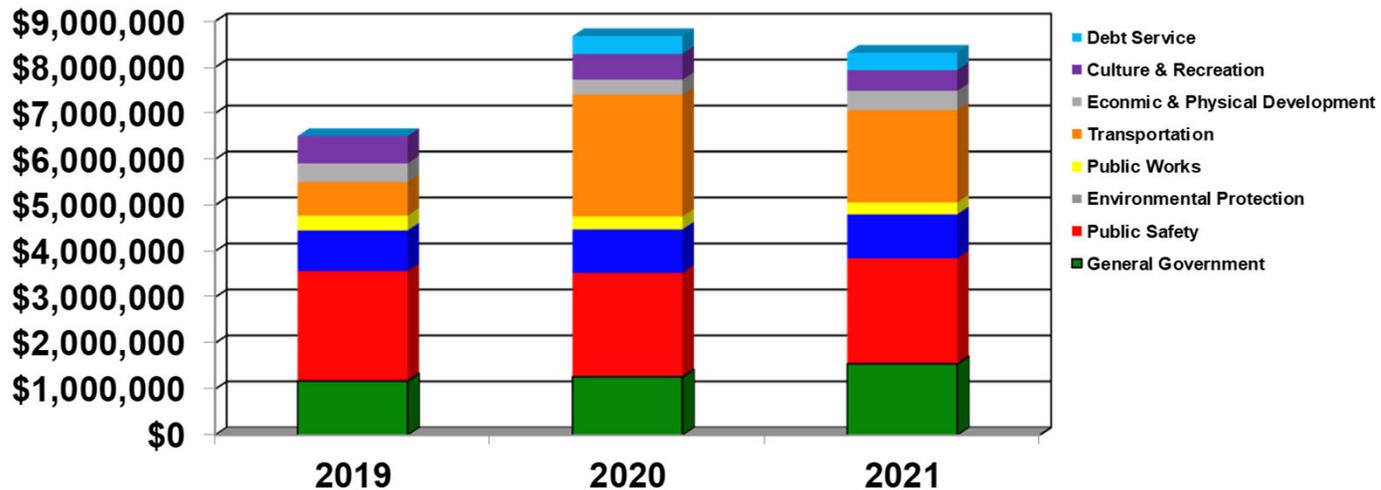
Fiscal Year Ended June 30	Ad Valorem	Other Taxes & Licenses	State Unrestricted	State Restricted	Investment Earnings	Miscellaneous	Permits and Fees	Sales and Services
2019	4,036,118	23,004	2,161,194	412,418	160,338	9,794	300,450	13,467
2020	4,088,572	7,593	2,248,943	414,998	122,514	1,768,680	306,644	14,008
2021	4,200,515	7,449	2,461,807	675,031	2,136	1,719,283	162,707	14,377



TOWN OF STALLINGS

Source of Expenditures by Function – General Fund Last Three Fiscal Years

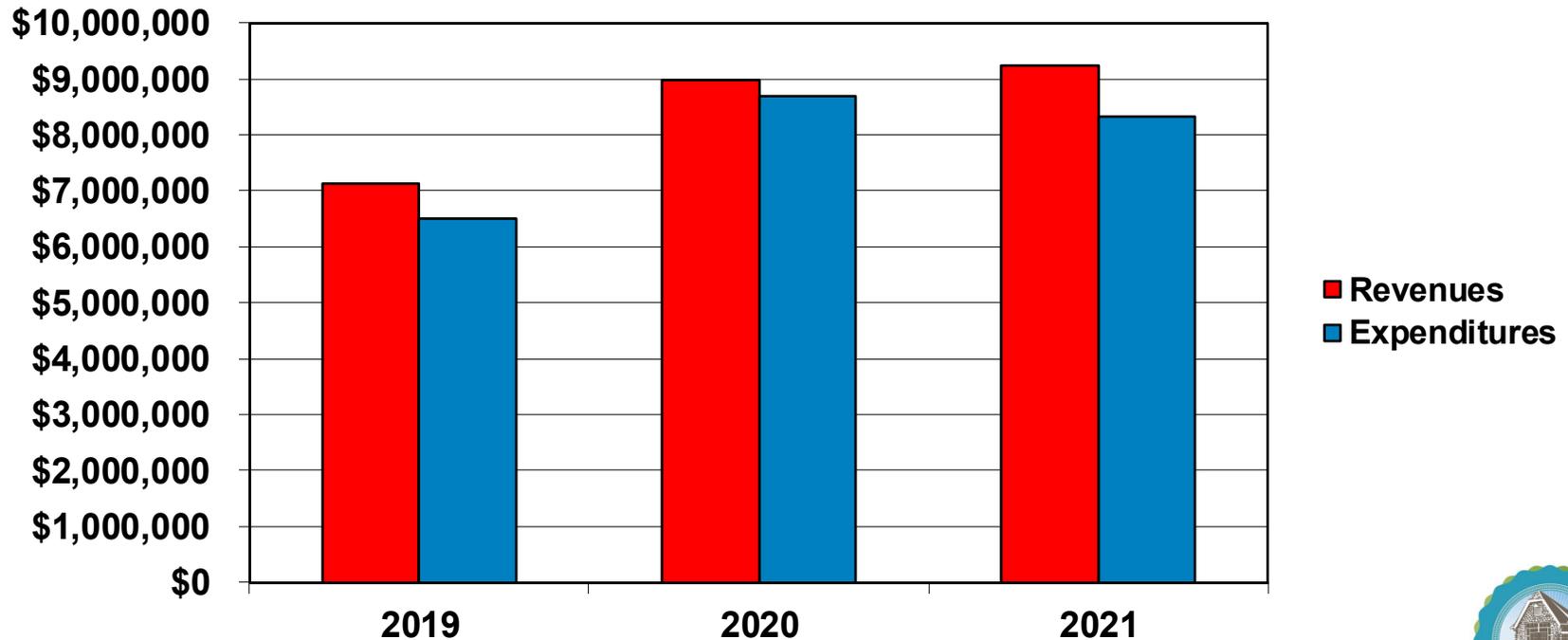
Fiscal Year Ended June 30	General Government	Public Safety	Environmental Protection	Public Works	Public Transportation	Economic & Physical Development	Culture & Recreation	Debt Service
2019	1,175,978	2,389,097	885,833	323,042	729,619	405,282	595,713	-
2020	1,267,448	2,259,878	945,978	280,456	2,651,446	326,667	559,730	389,115
2021	1,550,092	2,292,877	958,668	258,103	2,011,673	415,598	451,336	379,048



TOWN OF STALLINGS

Revenues Vs. Expenditures – General Fund Not Including Other Financing Sources and Uses Last Three Fiscal Years

Fiscal Year Ended June 30	Revenues	Expenditures	Revenues Over (Under) Expenditures
2019	7,116,783	6,504,564	612,219
2020	8,971,952	8,680,718	291,234
2021	9,243,305	8,317,395	925,910

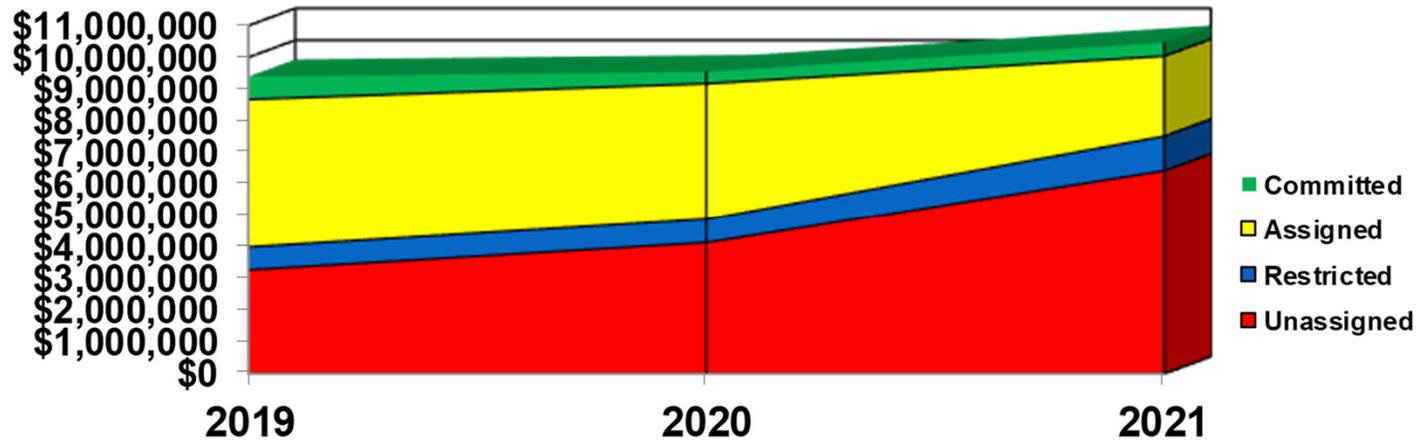


TOWN OF STALLINGS

Fund Balance - General Fund

Last Three Fiscal Years

Fiscal Year Ended June 30	Assigned	Restricted	Unassigned	Committed	Total
2019	4,670,840	727,384	3,270,119	724,474	9,392,817
2020	4,280,960	745,913	4,138,319	374,474	9,539,666
2021	2,518,622	1,090,063	6,424,313	426,858	10,459,856



TOWN OF STALLINGS

General Fund - Fund Balances at June 30, 2021 and 2020

	Fiscal year ended <u>2021</u>		Fiscal year ended <u>2020</u>	
General Fund:				
Restricted:				
Stabilization by State Statute	\$ 475,157	5%	\$ 401,137	4%
Drug Forfeiture	568,898	5%	53,262	1%
Powell Bill	<u>46,008</u>	<u>1%</u>	<u>291,514</u>	<u>3%</u>
Total Restricted	1,090,063	11%	745,913	8%
Committed:				
Parks & Recreation	\$ 426,858	4%	\$ 374,474	4%
Chestnut Lane Roundabout	<u>-</u>	<u>-</u>	<u>-</u>	<u>-%</u>
Total Committed	426,858	4%	374,474	4%
Assigned:				
Minimum fund balance requirement	\$ 1,770,640	17%	\$ 2,189,160	23%
Subsequent year's expenditures	<u>747,982</u>	<u>7%</u>	<u>2,091,800</u>	<u>22%</u>
Total Assigned	2,518,622	24%	4,280,960	45%
Unassigned:				
Unassigned	<u>6,424,313</u>	<u>61%</u>	<u>4,138,319</u>	<u>43%</u>
Total Unassigned	6,424,313	61%	4,138,319	43%
Total General Fund	10,459,856	100%	9,539,666	100%

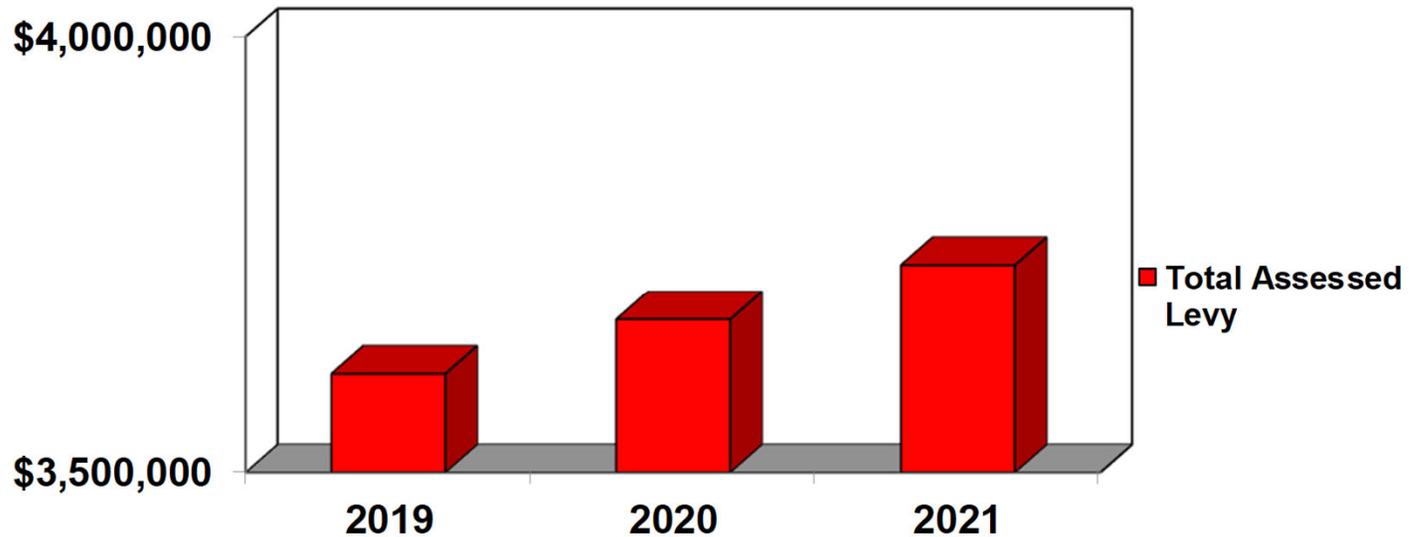


TOWN OF STALLINGS

Real Property Assessed Levy

Last Three Fiscal Years

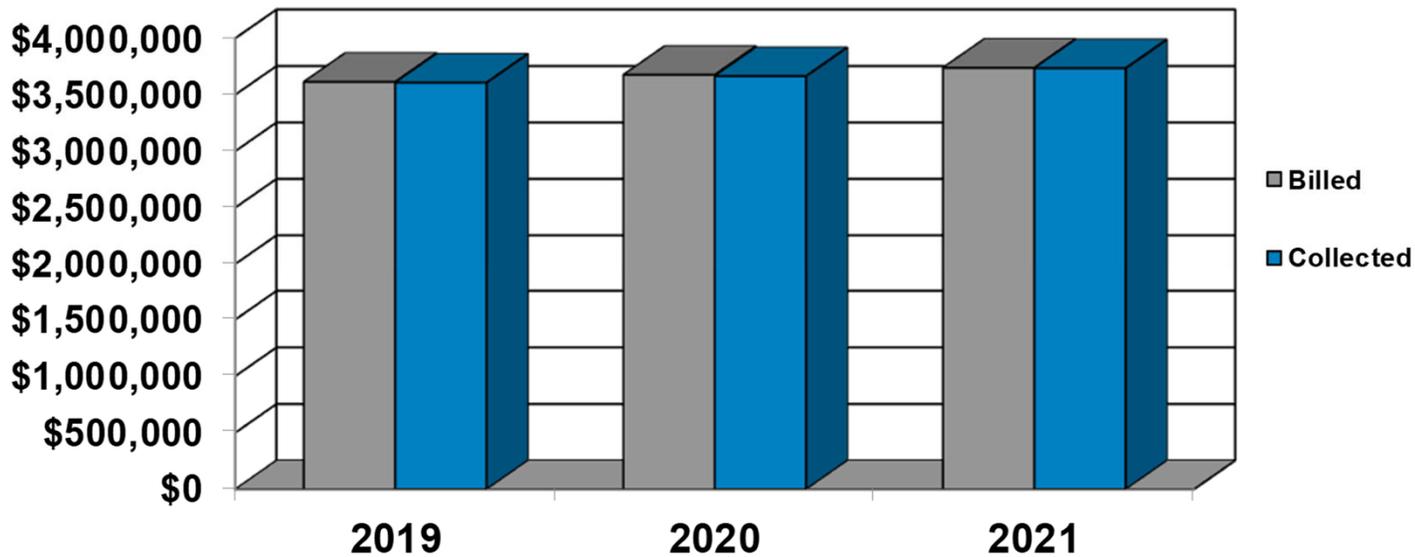
<u>Fiscal Year Ended June 30</u>	<u>Total Assessed Levy</u>
2019	3,612,794
2020	3,675,178
2021	3,738,044



TOWN OF STALLINGS

Collections of Real Property Taxes Last Three Fiscal Years

Fiscal Year Ended June 30	<u>Total Net Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collected</u>
2019	3,612,794	3,606,319	99.82%
2020	3,675,178	3,664,286	99.70%
2021	3,738,044	3,733,780	99.89%



MANAGEMENT LETTER OF RECOMMENDATIONS

Appendix C

October 29, 2021

To the Governing Board
Town of Stallings, North Carolina

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Stallings as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Town of Stallings' internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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.

Our consideration of internal controls was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as we discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 a 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or 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. We consider the following deficiencies in Town of Stallings' internal control to be significant deficiencies:

The Town's internal control for cash disbursement requires dual signatures on checks. During our testing of internal controls for cash disbursements, we noted two checks that were mailed and cleared the bank with only one of the two required signatures. Management plans to implement a change to include a final review of signed checks by the accounts payable clerk and one of the signors before the checks are mailed.

The Town offers an additional 401(k) plan in addition to the state retirement which employees are allowed to contribute to via payroll deductions. Employees are allowed to defer an elected percentage or amount per each payroll. During our testing of internal controls for employee compensation, we noted two occurrences of employees' 401(k) withholdings not setup at the requested percentages in the personnel files. The Town is outsourcing payroll in the fiscal year following audit and has controls planned to review and test payroll calculations and deductions.

Town of Stallings

Page 2

The auditors noticed that the mileage on the Powell Bill reports changed from the previous filing. A new person prepared the Powell Bill reports for the year under audit and discovered discrepancies in the previous reports. Upon further investigation, it was discovered that roads added to the Town's maintenance system were not properly reported in the government-wide financial statements. A prior period adjustment was needed to correct the reporting for this oversight. The finance officer plans to review minutes of council meetings and Powell Bill reports going forward.

The Town of Stallings' written response to the significant deficiencies identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management, the governing board, federal and state awarding agencies, and pass-through agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

POTTER & Company, PA

Potter & Company, P.A.
Certified Public Accountants
Monroe, North Carolina

AUDITOR LETTER TO THE TOWN COUNCIL

Appendix D

October 29, 2021

To Members of Town Council
Town of Stallings

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Town of Stallings for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 30, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Stallings are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by Town of Stallings during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was depreciation and the estimates of net pension and total pension liabilities at year end is based on the knowledge and findings of independent actuaries.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures regarding pension plan obligations, working capital needs and stewardship, compliance and accountability.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has agreed with all such misstatements and will take action to correct them. As part of the audit process, journal entries were

made to record adjust receivables, compensated absences, adjust pension obligations adjust fund balance classifications, reclass capital outlay and depreciation expense which did affect the organization's financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 29, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Town of Stallings' financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Town of Stallings' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, Local Government Employees' Retirement System Schedules of the Town's Proportionate Share of the Net Pension Liability (Asset) and Contributions, Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements, budgetary schedules, and other schedules, which accompany the financial statements but are not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory information and the statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the members of Town Council and management of Town of Stallings and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

POTTER & Company, PA

Potter & Company, P.A.
Certified Public Accountants
Monroe, North Carolina

AMENDED BUDGET ORDINANCE – NO. 1
TOWN OF STALLINGS, NORTH CAROLINA
FISCAL YEAR 2021-2022

BE IT ORDAINED by the Town Council of the Town of Stallings, North Carolina, that the estimated expenditures for the fiscal year 2021-2022 are hereby amended as set forth below:

Category	Account Number	Budgeted Amount	Amend to the Following	Net Increase or (Decrease)
Revenue:				
Appropriated General Fund Balance	10-99-3991-600	\$ 747,982	\$ 3,597,982	\$ 2,850,000
Expense:				
General Government		\$ 1,472,900	\$ 4,322,900	
Capital Expenditures	10-00-4120-099			\$ 2,850,000

Explanation: amendment is to appropriate funds from the General Fund Unrestricted Fund Balance to the General Government Department for the purchase of 2725 Stallings Road, Stallings, NC.

This Amendment to the Budget Ordinance shall be effective upon adoption.

The said Budget Ordinance, except as amended, shall remain in full force and effect.

ADOPTED this the 22nd day of November, 2021.

Wyatt Dunn, Mayor

Erinn Nichols, Town Clerk

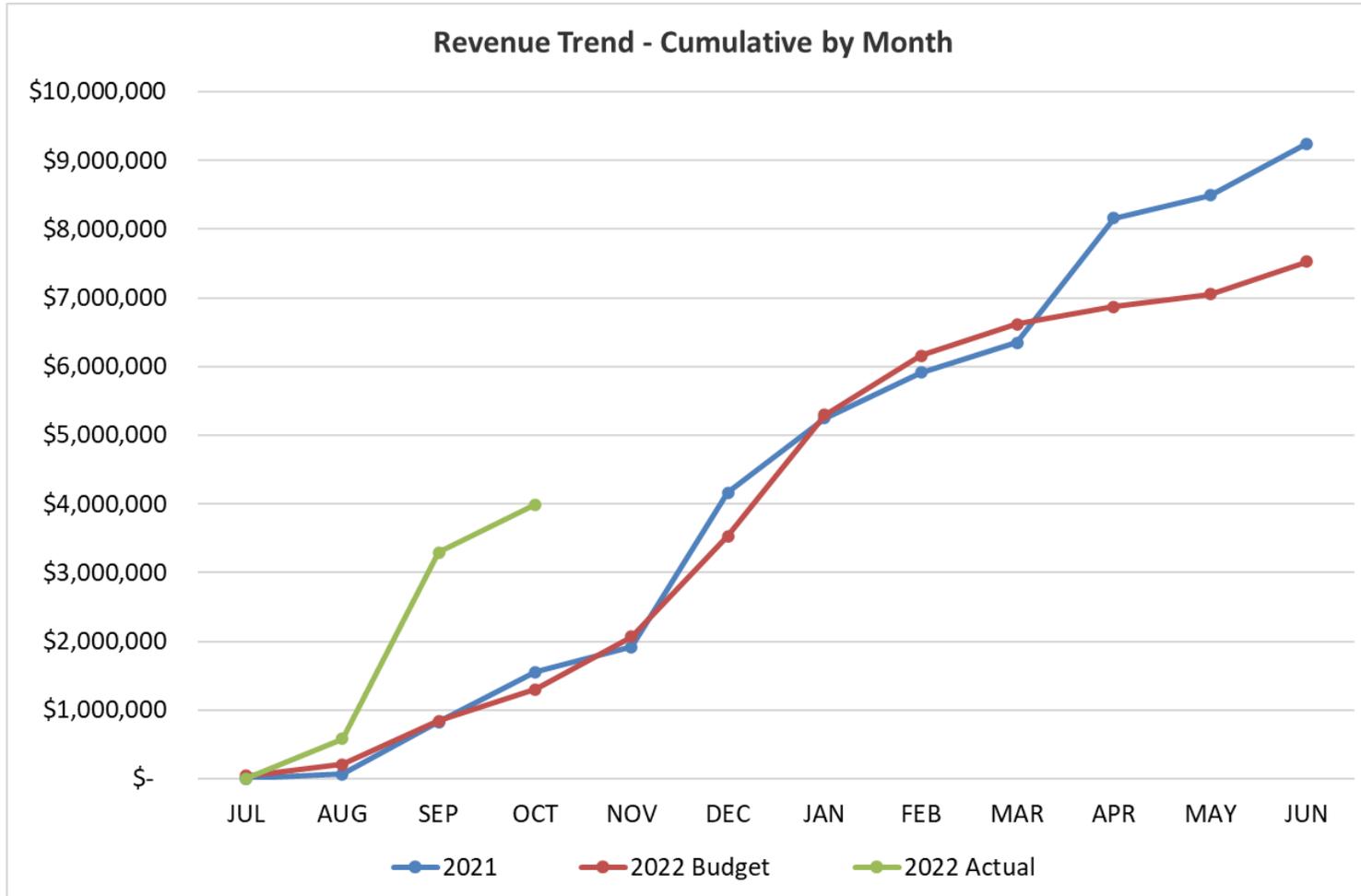
Approved as to form:

Melanie Cox, Town Attorney, Cox Law Firm, PLLC

Town of 
Stallings_{-NC-}

Monthly Financial Report
Fiscal Year 2022
10/31/2021

FY2021-2022 General Fund – Revenue Trend



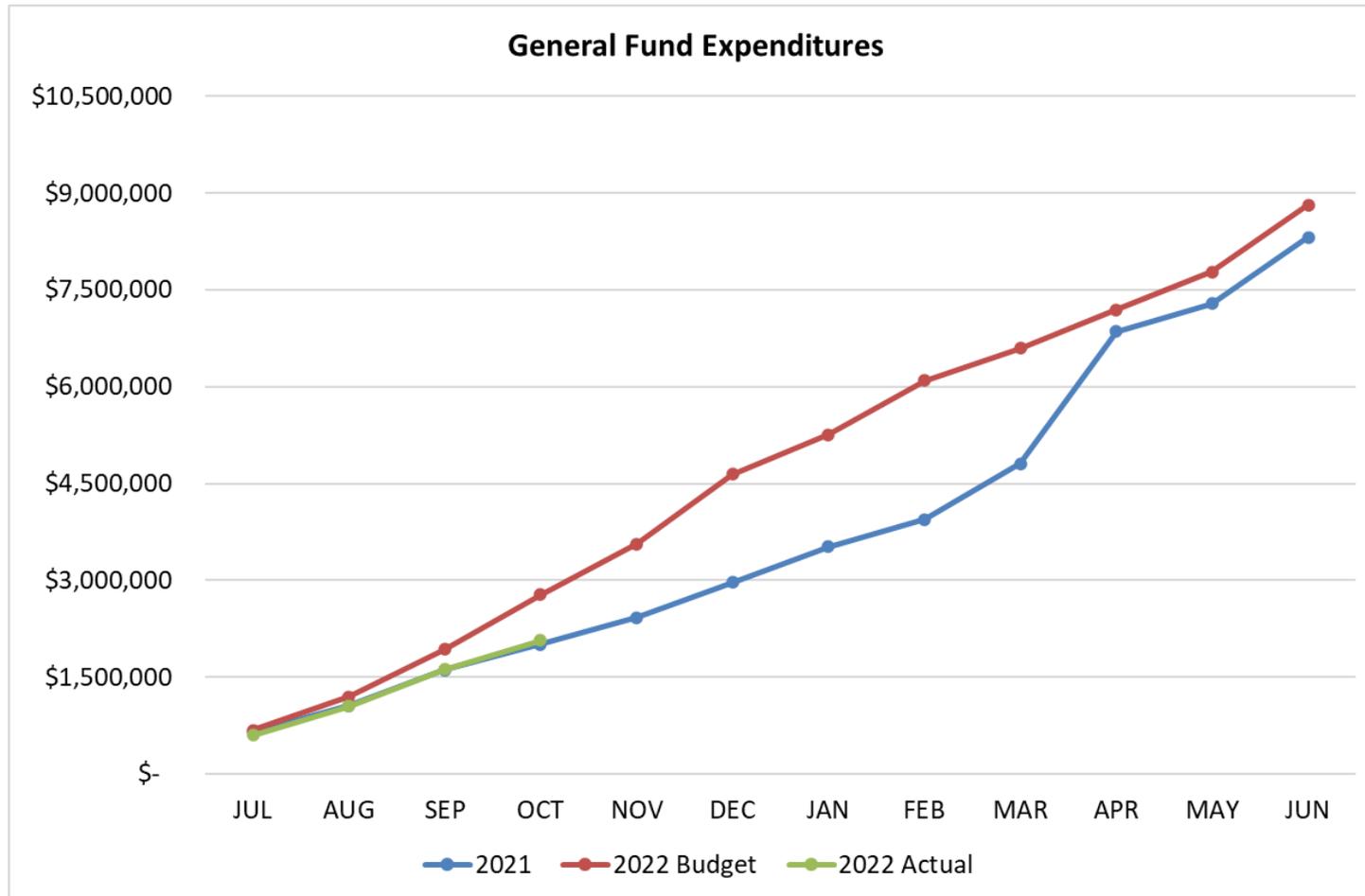
- Revenues for FY2022 were \$3.99M compared to FY2021 of \$1.55M. The Town received \$2.57M in ARP funds in August 2021 causing this spike in revenue. Ad Valorem tax revenues are collected 2 months in arrears by the county total \$522K to date. Sales and Use tax from NCDOR also has a two -month lag with a to collected balance of \$296.1K through October 2021.
- FY2022 Revenues through October 2021 are \$2.7M greater than budget also due to the receipt of ARP Funds.

FY2021-2022 General Fund – Revenues

Summary Report - 10/31/2021 Actual vs Budget	Budget including		YTD			% of Budget Spent thru 10/31/2021
	amendments 2021-2022	YTD Actual 10/31/2021	Prior Year 10/31/2020	Budget Remaining to YE		
<u>GENERAL FUND - Revenue</u>						
Ad Valorem Tax	4,332,900	523,338	487,709	\$ 3,809,562	Taxes received from the county in arrears - taxes collected through 10/31/2021	12.1%
Sales and Use Tax	1,440,000	296,081	266,860	\$ 1,143,919	Taxes received from the state in arrears - represents July & August collections	20.6%
Gross Vehicle Rental	7,500	4,954	2,012	\$ 2,546	Taxes received from the county in arrears - taxes collected through 10/31/2021	66.0%
Motor Vehicle	377,260	81,790	119,075	\$ 295,470	Taxes received from the counties one month in arrears	21.7%
Powell Bill	388,800	187,440	194,384	\$ 201,360	1st distribution for FY2022 has been collected	48.2%
Beer/Wine	70,000	-	-	\$ 70,000	Distributions for FY2022 have not been collected	0.0%
Franchise & Utility Tax	778,000	182,995	175,295	\$ 595,005	1st distribution for FY2022 has been collected	23.5%
Investment/Interest	8,500	1,020	2,387	\$ 7,480		12.0%
PD Related	3,100	23,280	1,394	\$ (20,180)	Represents police report fees and grants	751.0%
Transportation Contributions	-	-	-	\$ -	No collections to 10/31/2021	0.0%
TIA Fees	20,000	-	-	\$ 20,000	No collections to 10/31/2021	0.0%
Planning & Zoning Related	67,400	21,145	73,713	\$ 46,255	Zoning and permitting Fees	31.4%
Park & Rec Related	5,900	5,880	460	\$ 20	Fees for park rentals (closed in FY2021 due to COVID)	99.7%
Grants	-	2,572,685	223,060	\$ (2,572,685)	ARP Funds in FY2022 and Cares Relief Funds in FY2021	100.0%
Miscellaneous	29,000	87,663	3,596	\$ (58,663)	Fees in Lieu of Park Land \$82.3K and rental property income	302.3%
GENERAL FUND - Revenue Total	\$ 7,528,360	\$ 3,988,271	\$ 1,549,945	\$ 3,540,089	Expect additional increases in November with Ad Valorem tax collections	53.0%
Fund Balance Appropriation - GF	1,299,840	-	-	1,299,840	Amount represent capital expenditures budgeted through Fund Balance appropriations	
Fund Balance Approp. - Drug Forfeiture Fund	25,000	3,293	-	21,707	Amount represents spend of Restricted Fund Balance for Drug Forfeiture Funds	
Total General Fund Revenue w/appropriations	\$ 8,853,200	\$ 3,991,563	\$ 1,549,945	\$ 4,861,637		

FY2021-2022

General Fund Expenditure – Actual/Budget/PY



- Overall General Fund expenditures of \$2.1M are below budget by \$439K or 25.3%. These funds will be used in future months for operational needs.
- Expenditures are trending FY2021 actuals which are \$65.7K or 3.27% above prior year.

FY2021-2022

Actual vs Budget - Expenditures

Summary Report - 10/31/2021 Actual vs Budget	Budget including		YTD		% of Budget Spent thru 10/31/2021
	amendments 2021-2022	YTD Actual 10/31/2021	Prior Year 10/31/2020	Budget Remaining to YE	
General Government	\$ 1,472,900	\$ 439,838	\$ 494,822	\$ 1,033,062	29.9% of Total Budget used through 10/31/2021
Wages and Fringe Benefits	\$ 616,300	\$ 182,607		\$ 433,693	Work Comp premium paid for entire year 29.6%
Inventory and Equipment / Repairs/Supplies	\$ 47,200	\$ 8,873		\$ 38,327	Trending below budget for the year 18.8%
Outside Services	\$ 530,400	\$ 102,476		\$ 427,924	Includes legal \$42.8K, Audit \$16.4K, IT/network services \$25.2K, tax collection fees \$10.2K and outside services \$7.9K 19.3%
Other	\$ 230,100	\$ 72,623		\$ 157,477	Insurances \$27.2K and dues \$22.2K are renewed at the beginning of fiscal year. Telephone and utilities \$13.8K, property taxes \$4.8K 31.6%
Management Contingency	\$ 20,000	\$ 10,000		\$ 10,000	Consultant used for hiring new zoning director 50.0%
Capital Outlay	\$ 28,900	\$ 63,259		\$ (34,359)	Budgeted capital includes replacement of entry door to Town Hall, expense related to purchase of 2725 Stallings Road. 218.9%
Public Safety	\$ 2,731,100	\$ 800,974	\$ 768,202	\$ 1,930,126	29.3% of Total Budget used through 10/31/2021
Wages and Fringe Benefits	\$ 2,221,250	\$ 627,749		\$ 1,593,501	Work Comp premium paid for entire year 28.3%
Inventory and Equipment / Repairs/Supplies	\$ 96,000	\$ 31,146		\$ 64,854	Inventory \$8.0K, Uniforms \$7.2K, Supplies \$1.8K, Unauthorized Substance \$7.0K, Dept of Justice/Treasury \$4.4K, Grants \$0.8K 32.4%
Outside Services	\$ 59,550	\$ 23,360		\$ 36,190	Annual Retainer for PD attorney \$4.7K, computer & related \$13.4K, PD paint/flooring \$1.1K, and crime lab/investigation \$2.4K 39.2%
Other	\$ 86,700	\$ 44,837		\$ 41,863	Insurance Expense \$29.2K which renews 7/1/2021, telephone \$5.9K and fundraising \$2.3K 51.7%
Vehicle Expenses (Maintenance & Fuel)	\$ 102,000	\$ 32,200		\$ 69,800	Fuel \$23.2K (increased cost of fuel) and Vehicle repair \$9.0K 31.6%
Capital Outlay (includes vehicle purchases)	\$ 165,600	\$ 41,682		\$ 123,918	Budgeted capital is for body and car cameras 25.2%

FY2021-2022

Actual vs Budget - Expenditures

Summary Report - 10/31/2021 Actual vs Budget	Budget including		YTD			% of Budget Spent thru 10/31/2021
	amendments 2021-2022	YTD Actual 10/31/2021	Prior Year 10/31/2020	Budget Remaining to YE		
Transportation	\$ 1,236,800	\$ 84,010	\$ 107,632	\$ 1,152,790	6.8% of Total Budget used through 10/31/2021	
Wages and Fringe Benefits	\$ 111,400	\$ 14,036		\$ 97,364	Work Comp premium paid for entire year, savings due to Town Engineer vacancy	12.6%
Inventory and Equipment / Repairs/Supplies	\$ 1,400	\$ -		\$ 1,400		0.0%
Outside Services	\$ 105,300	\$ 22,293		\$ 83,007	Union County Urban Forester Program fees \$3.3K, Interim Town Engineer \$19.5K	21.2%
Other	\$ 15,000	\$ 505		\$ 14,495		3.4%
Utilities	\$ 120,000	\$ 33,148		\$ 86,852	Within budget	27.6%
Paving/Sidewalks/Signage	\$ 355,000	\$ 12,137		\$ 342,863	Signage work	3.4%
Capital Outlay	\$ 15,000	\$ -		\$ 15,000	Budgeted capital outlay is for Bypass Landscaping Sprinkler System	0.0%
Powell Bill	\$ 513,700	\$ 1,891		\$ 511,809	Minimal work has been completed to date	0.4%
Public Works	\$ 297,400	\$ 76,252	\$ 66,466	\$ 221,148	25.6% of Total Budget used through 10/31/2021	
Wages and Fringe Benefits	\$ 142,300	\$ 44,432		\$ 97,868	Work Comp premium paid for entire year	31.2%
Inventory and Equipment / Repairs	\$ 20,500	\$ 955		\$ 19,545	Minimal work has been completed to date	4.7%
Supplies/Materials & Buildings/Grounds	\$ 19,700	\$ 8,890		\$ 10,810	Building & grounds \$7.0K and supplies \$1.9K	45.1%
Outside Services	\$ 61,900	\$ 15,349		\$ 46,551	Annual inspections for Elevator & Fire \$3.6K, HVAC System annual remote monitoring \$2.4K, Iworq System \$7.65K, garage door repairs \$1.2K	24.8%
Other	\$ 18,000	\$ 6,626		\$ 11,374	Insurance Premium for year \$2.2K and misc expenses \$4.4K	36.8%
Capital Outlay	\$ 35,000	\$ -		\$ 35,000	Budgeted capital outlay is for zero turn mower \$15K and new HVAC unit \$20K	0.0%

FY2021-2022

Actual vs Budget - Expenditures

Summary Report - 10/31/2021 Actual vs Budget	Budget including		YTD		Budget Remaining to YE	% of Budget Spent thru 10/31/2021
	amendments 2021-2022	YTD Actual 10/31/2021	Prior Year 10/31/2020			
Planning & Zoning	\$ 404,600	\$ 90,739	\$ 98,062	\$ 313,861	22.4% of Total Budget used through 10/31/2021	
Wages and Fringe Benefits	\$ 270,500	\$ 64,590		\$ 205,910	Work Comp premium paid for entire year	23.9%
Inventory and Equipment / Repairs/Supplies	\$ 9,000	\$ 255		\$ 8,745		2.8%
Outside Services	\$ 80,500	\$ 21,159		\$ 59,341	Represents Union County Ruban Forester Program \$3.3K, Computer \$6.2K, Legal \$5.0K, contracted services for planner \$6.7K	26.3%
Other	\$ 19,600	\$ 4,156		\$ 15,444	Trainin/Travel \$2.3K and other misc expenses within budget	21.2%
Nuisance Abatement	\$ 5,000	\$ -		\$ 5,000		0.0%
Town Beautification	\$ 20,000	\$ 580		\$ 19,420	New Fence screen for Idlewild Substation	2.9%
Parks and Recreation	\$ 1,290,700	\$ 225,696	\$ 123,960	\$ 1,065,004	17.5% of Total Budget used through 10/31/2021	
Wages and Fringe Benefits	\$ 360,750	\$ 101,300		\$ 259,450	Work Comp premium paid for entire year	28.1%
Inventory and Equipment / Repairs/Supplies	\$ 79,600	\$ 16,660		\$ 62,940	Splash pad variable drive and new feature pump \$6.8K, supplies \$4.2K, playground equipment repair \$3.0, equipment rental \$1.1K	20.9%
Buildings and Grounds and Utilities	\$ 50,000	\$ 14,088		\$ 35,912	Utilities \$10.1K, building & grounds \$4.0K	28.2%
Outside Services	\$ 88,000	\$ 15,201		\$ 72,800	Park lighting for Christmas \$8.3K and playground mulch \$6.9K	17.3%
Other	\$ 25,350	\$ 3,038		\$ 22,312	Insurance premium for the year \$2.0	12.0%
Events and Advertising	\$ 72,000	\$ 39,810		\$ 32,190	Purchases for Stallingsfest and other upcoming events	55.3%
Capital Outlay	\$ 615,000	\$ 35,601		\$ 579,399	Filtration system for Splash Pad	5.8%

FY2021-2022

Actual vs Budget - Expenditures

Summary Report - 10/31/2021 Actual vs Budget	Budget including amendments 2021-2022	YTD Actual 10/31/2021	YTD Prior Year 10/31/2020	Budget Remaining to YE	% of Budget Spent thru 10/31/2021
Sanitation	\$ 1,050,600	\$ 330,273	\$ 319,584	\$ 720,327	31.4% of Total Budget used through 10/31/2021
Debt Service	\$ 369,000	\$ 26,846	\$ 30,201	\$ 342,154	7.3% of Total Budget used through 10/31/2021 Represents interest payments through September
Total Dept Expenditures - General Fund	\$ 8,853,100	\$ 2,074,628	\$ 2,008,931	\$ 6,778,472	Total all Departments 23.4%
Capital Project Fund 41 Expenditures	\$ -	\$ 10,000	\$ -	\$ (10,000)	Potter Road Pleasant Plains Intersection
Capital Project Fund 42 Expenditures	\$ -	\$ -	\$ -	\$ -	New Town Hall and Public Works Building
Contingency	\$ 100	\$ -	\$ -	\$ 100	Not expected to use this fiscal year
Total GENERAL FUND	\$ 8,853,200	\$ 2,084,628	\$ 2,008,931	\$ 6,768,572	Total General Fund (including Capital Projects and Contingency) 23.5%

FY2021-2022

Actual vs Budget – Storm Water

Summary Report - 10/31/2021 Actual vs Budget	Budget including amendments 2021-2022	YTD Actual 10/31/2021	YTD Prior Year 10/31/2020	Budget Remaining to YE		% of Budget Spent thru 10/31/2021
STORM WATER FUND						
Tax Revenue	\$ 490,000	\$ 81,914	\$ 82,694	\$ 408,086	Storm Water revenue for July and August was received from the county through 10/31/2021	16.7%
Interest	\$ 100	\$ 12	\$ 32	\$ 88		0.0%
Revenue Total	\$ 490,100	\$ 81,926	\$ 82,727	\$ 408,174		16.7%
Expenditure Total	\$ 490,100	\$ 81,381	\$ 133,952	\$ 408,719	Total Expenditures for Storm Water	16.6%
Wages and Fringe Benefits	\$ 111,400	\$ 13,982	\$ 30,553	\$ 97,418	Work Comp premium paid for entire year, savings due to Town Engineer vacancy	12.6%
Repairs/Outside Services	\$ 350,700	\$ 64,898	\$ 100,779	\$ 285,802	Currently the Town has 14 storm water projects identified: Pinetree Drive, Green Ashe Lane, Ballymote Drive, Dilwyn Court, Kerry Greens, Coatsdale Lane, Millrace Lane, Afternoon Sun Road, Millrace Lance, Chaucery Lane, Springhill Road, Pepper Ann Lane, White Oake Lane, and Freesia Place.	18.5%
Other	\$ 5,000	\$ 2,500	\$ 2,620	\$ 2,500	Dues/subscriptions for Regional Stormwater Partnership of the Carolinas \$2.5K	50.0%
Contingency	\$ 23,000	\$ -	\$ -	\$ 23,000	Council established a contingency for this fund beginning FY2022	0.0%

FY2021-2022 Fund Balance

	<u>7/1/2021</u>	<u>Change in Balance</u>	<u>10/31/2021 Balance</u>
Unassigned Fund Balance	\$ 6,424,313	\$ -	\$ 6,424,313
Stabilization by State Statute	475,157	-	\$ 475,157
Powell Bill	568,898	185,549	\$ 754,447
Drug Forfeiture	46,008	(10,275)	\$ 35,733
Capital Project Fund - Potter/Pleasant Plains	960,273	(10,000)	\$ 950,273
Fees in Lieu of Park Land	426,858	82,336	\$ 509,194
Subsequent year expenditures	747,982	-	\$ 747,982
20 Percent Reserve	1,770,640	-	\$ 1,770,640
Restricted ARP Funds	-	2,572,685	\$ 2,572,685
YTD Revenue less Expenditures	-	(906,652)	(906,652)
Total Fund Balance - General Fund	\$ 11,420,129	\$ 1,913,643	\$ 13,333,772
Fund Balance - Storm Water Unrestricted Net Position	\$ 1,222,943	\$ 545	\$ 1,223,488

- Overall General Fund balance increased \$1.9M from 7/1/2021. This increase is due to collection of ARP funds which are restricted use funds. If these funds are removed expenditures exceeded revenues by \$659K through 10/31/2021.
- Storm Water Fund Balance increased \$545 due to revenues now exceeding expenses. Expenditures are expected to increase as the town resolves the identified storm water issues.

FY2021-2022

Cash & Investment Balances

Balance as of 10/31/2021	General Fund	Storm Water Fund	Sewer Fund	Total All Funds
PNC Checking Accounts	\$3,893,350	\$1,176,144	\$7,984	\$5,077,478
NCCMT Govt Portfolio Investment	\$8,765,619			\$8,765,619
NCCMT Powell Bill	\$756,344			\$756,344
Total	<u>\$13,415,313</u>	<u>\$1,176,144</u>	<u>\$7,984</u>	<u>\$14,599,441</u>

- Cash balances increased \$166K from prior month due to the receipt of ad valorem and sales & use taxes of \$670K. Increased expenditures partially offset this increase. Cash balances are expected to increase in the coming months as more Ad Valorem tax is collected in November through January.

FY2021-2022

Summary

- Revenues through October 2021 of \$3.99M are significantly higher than through October 2020 of \$1.55M. This increase is explained by the receipt of ARP Funds from the State. Management is currently reviewing the restrictions for spending these funds and will be presenting ideas to Council in a future Council meeting.
- Expenditures are \$703K below budget and only \$66K above prior fiscal year.
- Cash balances of at \$14.6M are high also due to the receipt of the ARP Funds noted above.
- Departmental spending is expected to ramp up over the next months with road repair work and capital expenditures for the fiscal year.

FY2022 Financial Report as of 10/31/2021

For questions regarding this report contact:

Marsha Gross

Finance Officer for the Town of Stallings

704-821-0311



**FIVE-YEAR FINANCIAL PLAN
FY2022 to FY2026**

Town of Stallings Five Year Financial Plan

The Town of Stallings has undergone a number of changes during FY2021 which included inordinate growth and development, tax revaluation and additional planning for the future downtown area and greenway. Council passed 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 will provide information to make assumptions regarding future spending, and the Town's Capital Improvement Plan. This is a tool which will be updated annually and used in the future for evaluating possible capital project needs and funding strategies to accomplish the Town's goals.

Town of Stallings Funds

The Town of Stallings uses funds to ensure and reflect compliance with finance related legal requirements, such as General Statutes or the Town's budget ordinance. They are broken down into three categories:

- Governmental funds - account for the governmental activities and services performed by the Town
- Capital Project Funds - account for larger capital projects
- Proprietary or Enterprise Funds - account for the business-type activities which include sewer and storm water services

General Fund Long Term Planning

The General Fund is used to account for the revenues and expenditures necessary to provide basic governmental services for the Town. The principal sources of revenues are property taxes, sales and use taxes, beer and wine taxes, Powell Bill allocations, and utility taxes. Other revenue sources are fees charged for Town services for zoning, development, park rentals and transportation fees. Expenditures are broken down into the various departments which are general government, public safety, engineering and transportation, public works, economic development, environmental, and park and recreation.

The General Fund has consistently remained in sound financial condition from year to year due to effective management of the sources and uses of the Town's funds.

The General Fund has a fund balance of \$11,420,129 as of FYE 2021 with an unassigned balance of \$6,424,313. The Town also maintains a minimum fund balance of 30% of the subsequent year's expenditures in years after 2015 through 2020 which was changed to 20% of subsequent year's expenditures during FYE 2021.

Below is a summary of past and recent year-end fund balance reserves:

General Fund Balance	2017	2018	2019	2020	2021
Non-spendable					
Prepays	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted					
Stabilization by State Statute	667,933	601,599	462,389	401,137	475,157
Streets - Powell Bill	313,445	153,094	239,450	291,514	568,898
Drug Forfeiture	304,803	126,493	25,545	53,262	46,008
Committed					
Capital Project Fund	-	-	-	1,193,280	960,273
Parks and Recreation	330,043	330,043	374,474	374,474	426,858
Chestnut Lane Roundabout	-	350,000	350,000	-	-
Assigned					
Designated for subsequent year's expenditures	1,000,000	1,550,000	2,016,800	2,091,800	747,982
Minimum fund balance requirement	2,249,400	2,478,150	2,654,040	2,189,160	1,770,640 *
Unassigned					
Unassigned	5,216,484	3,355,658	3,270,119	4,138,319	6,424,313
Total General Fund	\$ 10,082,108	\$ 8,945,037	\$ 9,392,817	\$ 10,732,946	\$ 11,420,129

Sources of General Funds

As previously noted, the largest source of revenue is the Town's ad valorem tax which represents a minimum of 50% each year of the Town's revenue. Exhibit 1 displays the revenue breakdown for the Town for the past five years.

Exhibit 1

Revenue Source	FY2017	FY2018	FY2019	FY2020	Unaudited FY2021	Adjusted Budget FY2022*
Ad Valorum	\$ 3,404,816	\$ 3,502,958	\$ 3,615,911	\$ 3,669,430	\$ 3,739,779	\$ 4,332,900
<i>YOY Change</i>	<i>2.32%</i>	<i>2.88%</i>	<i>3.22%</i>	<i>1.48%</i>	<i>1.92%</i>	<i>15.86%</i>
Motor Vehicle	\$ 405,608	\$ 402,448	\$ 408,348	\$ 411,004	\$ 447,485	\$ 377,260
<i>YOY Change</i>	<i>7.05%</i>	<i>-0.78%</i>	<i>1.47%</i>	<i>0.65%</i>	<i>8.88%</i>	<i>-15.69%</i>
Sales Tax	\$ 1,134,617	\$ 1,189,871	\$ 1,259,345	\$ 1,365,392	\$ 1,592,773	\$ 1,592,773
<i>YOY Change</i>	<i>13.55%</i>	<i>4.87%</i>	<i>5.84%</i>	<i>8.42%</i>	<i>16.65%</i>	<i>0.00%</i>
Utility Franchise Tax	\$ 808,770	\$ 820,997	\$ 832,275	\$ 812,897	\$ 799,348	\$ 778,000
Other Franchise Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Beer and Wine Tax	\$ 70,119	\$ 68,417	\$ 69,574	\$ 70,654	\$ 69,686	\$ 70,000
Vehicle Rental	\$ 42,555	\$ 38,287	\$ 23,004	\$ 7,593	\$ 7,449	\$ 7,500
Zoning Fees	\$ 62,855	\$ 78,807	\$ 87,033	\$ 77,853	\$ 57,220	\$ 65,000
Development Agreement Fees	\$ -	\$ -	\$ 50,000	\$ 18,750	\$ -	\$ -
TIA Revenue	\$ -	\$ -	\$ 113,200	\$ 146,800	\$ 2,500	\$ 20,000
Public Safety Fee	\$ 2,052	\$ 2,473	\$ 5,786	\$ 5,079	\$ 3,182	\$ 3,100
Nuisance Abatement/Civil Citati	\$ -	\$ -	\$ -	\$ 60,400	\$ 56,198	\$ 2,400
Business Licenses						
Fees in Lieu of Park Land	\$ 106,780	\$ -	\$ 44,431	\$ -	\$ 52,385	\$ -
Transportation Contributions	\$ -	\$ -	\$ -	\$ 1,684,247	\$ 1,711,356	\$ -
Powell Bill	\$ 459,214	\$ 399,228	\$ 399,455	\$ 402,567	\$ 388,692	\$ 388,700
Solid Waste disposal tax	\$ 10,407	\$ 10,494	\$ 11,963	\$ 12,431	\$ 12,488	\$ 11,800
Grant Income/Forfeiture	\$ 176,459	\$ 25,660	\$ 4,122	\$ 37,709	\$ 277,083	\$ 25,000
Miscellaneous	\$ 41,475	\$ 41,312	\$ 20,138	\$ 58,494	\$ 15,752	\$ 23,100
Investment	\$ 35,226	\$ 90,526	\$ 160,338	\$ 122,514	\$ 2,136	\$ 2,100
Interest	\$ 7,361	\$ 8,224	\$ 11,859	\$ 8,138	\$ 7,793	\$ 6,500
Total Revenue	\$ 6,768,315	\$ 6,679,702	\$ 7,116,783	\$ 8,971,951	\$ 9,243,305	\$ 7,706,133
YOY % Increase/(Decrease)	<i>-4.57%</i>	<i>-1.31%</i>	<i>6.54%</i>	<i>26.07%</i>	<i>3.02%</i>	<i>-16.63%</i>
Adjust Annual Revenue by removing						
Fees in Lieu of Park Land, TIA Revenue	\$ (283,239)	\$ (25,660)	\$ (211,753)	\$ (1,887,506)	\$ (2,043,324)	\$ (45,000)
Transportation Contributions and						
Grant Income/Forfeiture						
Adjusted Annual Revenue:	\$ 6,485,075	\$ 6,654,042	\$ 6,905,030	\$ 7,084,445	\$ 7,199,981	\$ 7,661,133
YOY % Increase/(Decrease)	<i>1.66%</i>	<i>2.61%</i>	<i>3.77%</i>	<i>2.60%</i>	<i>1.63%</i>	<i>6.40%</i>

FY2021 collections. Early sales and use tax revenue for FY2022 have every indication to be above that in FY2021. As a result, FY2022 budgeted revenue was changed to the revenue collected in FY2021.

Total revenue increased over this five-year period an average of 29.8% per year from FY2017 to FY2021. Revenue decreased between FY2016 and FY2017 where there was \$569,226 of police department forfeiture/grant funds received by the town and the period between FY2017 and FY2018 which is explained by the decrease in fees in lieu of park land. The increase of 26.07% in FY2020 is due primarily to a contribution the Town received for the construction of the Chestnut Roundabout. These funds were returned from NCDOT to the Town and are included in the FY2021 revenue. If these amounts were removed from the year over year comparison, each year shows an increase in revenue with an average over the five-year period of 2.45% per year. Another item to note with these types of revenue streams for forfeiture funds and grants, is that they have related expenditures that offset these revenues as they are earned or kept in restricted funds for future use.

FY2022 budgeted revenue was not included in the five-year average above which represented an increase of 6.41% over FY2021 when the adjusted annual revenues are compared. This increase is primarily due to the countywide revaluation of property values which increased the budgeted FY2022 ad valorem tax by 15.7%. While assessed tax values for the Town increased 31.2%, the revenue neutral tax rate of 16.6 decreased the Town's current rate of 21.5 by 4.9 or 23%. The Town Council approved a rate 18.6 which was 2.0 higher than the revenue neutral tax rate to be used for the work needed on road repairs and park improvements. The reduction in the Town's tax rate caused the decrease in budgeted motor vehicle tax by -15.7%. Sales and Use tax budget for FY2022 was also decreased based upon the large increase in FY2021 from the impacts of the COVID virus but has been raised in the analysis to the FY2021 revenue since early collections in FY2022 have been higher than those received during FY2021.

Taking the analysis one step further, approximately 91% of the Town's revenue is driven by ad valorem, sales tax, utility franchise tax and Powell bill funds. Ad valorem tax has grown an average of 2.3% each year from FY2017 to FY2021. If FY2022 is included, the average is 4.61%. Sales and Use tax has a similar comparison with spike in FY2021 driven by the economy and effects of the COVID virus which averaged 9.87%. The remaining revenue drivers for utility franchise tax and Powell Bill funds remain consistent year over year with minimal changes each year.

Revenue Assumptions for Five Year Financial Plan

The Town will use a look back period of five years and will update the year over year trends annually. These trends will be the basis of the analysis but there are other factors which will be considered in the forecast. Historically, the town has gone through periods of recession where there were significant decreases in the construction of new homes and home values were reduced. In order to include the possibility of a recession or other escalation in revenue, the following items will also be evaluated in the analysis:

- Union County Tax Office – Estimated Tax for following fiscal year
- Number of zoning permits issued and execution of development agreements
- Union County Tax Revaluations

- Consumer price index for the county and area

The revenue growth model for the periods from FY2023 through FY2026 will be based the year over year comparison and the factors above and will represent the average revenue growth for a five-year period from FY2018 through budgeted FY2022 of **2.98%** as the escalation factor for the model. While there are other factors that will positively impact revenue such as new neighborhoods and developments, possible hotel tax, and increases in tax rates, the historical average will provide a conservative estimate since these revenues will also be used to estimate spending.

Uses of General Funds

Departmental expenditures plus appropriations of General Funds for needs such as capital projects account for the uses of General Funds. For this analysis, the focus will be on the departmental expenditures over the last 5 years. As displayed in Exhibit 2, these expenditures have fluctuated from FY2017 to FY2022. These changes are due to many factors most of which are the following:

- FY2017 – Decrease in spending of 4.4% from prior year with a focus on adding to fund balance and minimal capital expenditures for the year.
- FY2018 – Large increase in expenditures in the areas of Planning for 4 Small Area plans, Parks for Master planning services and in General Government for design costs related to the New Town Hall and public works buildings.
- FY2019 – In total costs were close to FY2018 with a small decrease of 0.3%. Expenditures reduced mainly due to the demolition of the Civic Building and the construction of the Public Works building and New Town Hall. Several capital expenditures within the departments were delayed to FY2020 due to lack of space.
- FY2020 – The increase of 27.5% is due to the costs associated with the Chestnut Roundabout of \$1,946,747 (which had offsetting revenue of \$1,684,247). Removing this cost, the increase from prior year is only 0.7%.
- FY2021 – Reduction in expenses of 4.3% due to difference Chestnut Roundabout difference noted in FY2020.
- FY2022 – Budgeted increase of 6.9% due to additional road repair work of \$275,000 as well as construction of Vickery portion of Blair Mill Greenway of \$550,000.

Expense Analysis by Department
Exhibit 2

	FY2017	FY2018	FY2019	FY2020	FY2021	Growth in 5 Years	FY2022 Budget
General Government	\$ 1,105,745	\$ 1,194,897	\$ 1,175,978	\$ 1,267,448	\$ 1,550,092	40.2%	\$ 1,472,900
Public Works	\$ -	\$ 200,411	\$ 323,042	\$ 280,456	\$ 258,103	28.8%	\$ 297,400
Public Safety	\$ 2,285,843	\$ 2,431,793	\$ 2,389,097	\$ 2,259,878	\$ 2,292,877	0.3%	\$ 2,731,100
Transportation	\$ 865,193	\$ 755,422	\$ 729,619	\$ 2,651,446	\$ 2,011,673	132.5%	\$ 1,236,800
Sanitation	\$ 885,217	\$ 906,820	\$ 885,833	\$ 945,978	\$ 958,668	8.3%	\$ 1,050,600
Zoning & Planning	\$ 348,067	\$ 490,294	\$ 405,282	\$ 326,667	\$ 415,598	19.4%	\$ 404,600
Park & Rec	\$ 424,237	\$ 543,671	\$ 595,713	\$ 559,730	\$ 451,336	6.4%	\$ 1,290,700
Total	\$ 5,914,302	\$ 6,523,308	\$ 6,504,564	\$ 8,291,603	\$ 7,938,347	34.2%	\$ 8,484,100
YOY Change	<i>-4.4%</i>	<i>10.3%</i>	<i>-0.3%</i>	<i>27.5%</i>	<i>-4.3%</i>		<i>6.9%</i>
Less Expenditures not to repeat	\$ 77,500	\$ 473,559	\$ 206,100	\$ 1,946,747	\$ 1,656,269		\$ 1,013,900
Adjusted Expenditures	\$ 5,836,802	\$ 6,049,749	\$ 6,298,464	\$ 6,344,856	\$ 6,282,078		\$ 7,470,200
Adjusted YOY Change	<i>-5.7%</i>	<i>3.6%</i>	<i>4.1%</i>	<i>0.7%</i>	<i>-1.0%</i>		<i>18.9%</i>

Exhibit 2 uses two different approaches in calculating the YOY expenditure increases:

- The first YOY change in blue shows the total departmental spend and the increase from prior year.
- The second YOY change in orange removes the outside services that would be considered one-time costs which normalizes the expenditures year over year.

Analyzing further, the FY2017 decrease in total expenditures is unusual. During the year prior, a number of staffing positions were added and the focus was to stabilize the expenditures in FY2017 which included few capital expenditures compared to other years. Due to this being a year that was not the norm, the chart below shows average increases which include FY2016 and prior (six-year average) and average changes that exclude FY2016 (5 year average).

YOY changes	Total Cost	Adjusted Totals
6 year Average FY2017 to FY2022	<i>5.94%</i>	<i>3.45%</i>
5 year Average FY2018 to FY2022	<i>8.02%</i>	<i>5.28%</i>

Based on the historical spend by department, the rationale for the forecasted expenditures will be the following:

- FY2022 Budget – Will be included in the YOY averages and be the starting point for the forecasted expenditures.
- Escalation factor for expenditures will be **4.37%** per year which is the average of the 5-year average adjusted total cost (5.28%) and 6-year average adjusted total cost (3.45%). While this is significantly less than the YOY increase for FY2022 of 6.9%, this enables the Town to plan conservatively for future expenditures while having enough growth for departmental needs.
- Powell Bill Funds will be used for road repairs and revenue taken in will be equal to the expenditure for the year.

General Fund Long Term Planning Summary

Based on the analysis on sources and uses of funds, the following factors will be used for the five -year forecast model:

Rates to be used for the analysis:	Revenue (Sources) Escalation	2.98%
	Expenditures (Uses) Escalation	4.37%

These assumptions will be reviewed during the budget process and the five-year projection will be updated annually based on operations of the last fiscal year.

General Fund Five-Year Financial Plan

Forecasted Revenue

FY2022 was budgeted with a significant increase in property values based on the countywide property revaluation. While the Council effectively reduced the tax rate from 12.5 down to 18.6, this still resulted in an increase in ad valorem revenue of \$588,044. Overall FY2022 revenues decrease from \$9,243,305 in FY2021 to \$7,706,133. If we remove the passthrough revenue from the Chestnut roundabout and grants from the revenue lines, there is actually a 6.4% increase in revenue budgeted for FY2022 moving from \$7,199,981 to \$7,661,133.

The revenue forecast below shows Actual results for FY2020, unaudited FY2021, adjusted budgeted FY2022 and projected revenues through FY2026 using an escalation factor of 2.98% each year:

	<u>Actual</u> <u>FY2020</u>	<u>Unaudited</u> <u>FY2021</u>	<u>Budget</u> <u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>	<u>FY2026</u>
Revenue Projections	\$ 8,971,951	\$ 9,243,305	\$ 7,706,133	\$ 7,935,776	\$ 8,172,262	\$ 8,415,795	\$ 8,666,586
	26.07%	3.02%	-16.63%	2.98%	2.98%	2.98%	2.98%

Forecasted Expenditures

Similar to revenue above, the chart below shows Actual results for FY2020 and unaudited FY2021, budget for FY2022 and forecasts for FY2023 to FY2026 using an escalation factor of 4.37% each year:

General Fund Five-Year Financial Plan Model

Combining the logic from the revenue and expenditure projections, the forecast model below works and follows:

- Uses General Fund Revenues less expenditures to show projected excess revenues or deficits based on operating expenses
- Identifies debt payments to be made for the forecast period by fiscal year
- Calculates the projected unassigned fund balance based on operations and debt obligations.

The information provided by the model can now be used as a tool to evaluate future capital projects and shows the impact they would have on the Town as it relates to available funds. The Town can evaluate is they have the available funds during that time period and help make decisions on using fund balance, borrowing more funds or even if the project is feasibly possible.

General Fund Five-Year Financial Plan As of 10/1/2021

GENERAL FUND REVENUES and EXPENDITURES FORECASTS

	Budget					
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
GF Revenue Forecast	\$ 8,854,613	\$ 7,317,433	\$ 7,547,076	\$ 7,783,562	\$ 8,027,095	\$ 8,277,886
Restricted (Powell Bill and other)	388,692	\$ 388,700	\$ 388,700	\$ 388,700	\$ 388,700	\$ 388,700
Total GF Revenues	\$ 9,243,305	\$ 7,706,133	\$ 7,935,776	\$ 8,172,262	\$ 8,415,795	\$ 8,666,586
		-16.63%	2.98%	2.98%	2.98%	2.98%
GF Forecasted Expenditures (not including Debt)	7,938,347	8,484,100	7,334,625	7,655,063	7,989,501	8,338,550

REVENUES OVER EXPENDITURES	\$ 1,304,959	\$ (777,967)	\$ 601,151	\$ 517,199	\$ 426,294	\$ 328,036
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* Revenue Forecast is conservatively based on historical data and assumed at 2.98% each year
Expenditures are Forecasted to increase 4.37% each year and does not include debt service payments

DEBT SERVICE PAYMENTS	Budget					
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Principal	\$ 291,800	\$ 291,800	\$ 291,800	\$ 291,800	\$ 291,800	\$ 291,800
Interest (Paid Monthly)	87,248	78,015	67,947	57,882	48,423	37,752
Debt Service Due	\$ 379,048	\$ 369,815	\$ 359,747	\$ 349,682	\$ 340,223	\$ 329,552

TOTAL PROJECTED INCREASE/(DECREASE) TO FUND BALANCE BEFORE NOTABLE ITEMS or LARGE CAPITAL EXPENDITURES	\$ 925,911	\$ (1,147,782)	\$ 241,404	\$ 167,517	\$ 86,071	\$ (1,516)
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GENERAL FUND - FORECASTED UNASSIGNED BALANCE

	Budget					
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Beginning Balance	\$ 4,138,319	\$ 6,424,313	\$ 5,276,531	\$ 5,517,935	\$ 5,685,452	\$ 5,771,523
Less Available Cash needed for Capital Project	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other additions/deductions from Unassigned FB	\$ 1,598,811	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned Fund Balance Available	\$ 5,737,130	\$ 6,424,313	\$ 5,276,531	\$ 5,517,935	\$ 5,685,452	\$ 5,771,523
Add Current Year Revenues over Expenditures	1,066,231	(777,967)	601,151	517,199	426,294	328,036
Total Available before Debt Service Payments	\$ 6,803,361	\$ 5,646,346	\$ 5,877,682	\$ 6,035,134	\$ 6,111,746	\$ 6,099,559
Less CY Debt Service Payments	\$ (379,048)	\$ (369,815)	\$ (359,747)	\$ (349,682)	\$ (340,223)	\$ (329,552)
Net Available Beginning of Next Fiscal Year	\$ 6,424,313	\$ 5,276,531	\$ 5,517,935	\$ 5,685,452	\$ 5,771,523	\$ 5,770,007
Add Minimum Fund Balance Requirement Reserved by Council changed to 20% in FY2021	1,770,640	1,770,640	1,770,640	1,770,640	1,770,640	1,770,640
Total Funds Available including Council Reserve	\$ 8,194,953	\$ 7,047,171	\$ 7,288,575	\$ 7,456,092	\$ 7,542,163	\$ 7,540,647

In summary the Five-Year Financial Plan as of FY2022 shows a number of items that will be used for the future forecasting and planning for the town. The plan needs to be updated annually due to the uncertainty of current economic conditions. Items to consider from the plan are:

- FY2022 includes capital expenditure items in the forecast since these items were approved during the budget process. For that reason, expenditures are greater than revenues due to the road repairs and greenway costs which created the (\$777,967) net margin as shown in the forecast above.
- From FY2023 through FY2026, revenues are over expenditures trend downward in the outyears. Town management has historically been below budget for expenditures which resulted in additions to fund balance but for conservative estimates, we are using the estimated revenues and expenses as shown.
- Beginning in FY2023 through FY2025, the interest and principal will be paid by using current year revenue. Beginning FY2026, the Town will be using fund balance to make the principal payments which was the plan when the Town acquired the debt.
- Current operations and service levels will be maintained in the next five years with room for expenditure escalation, but any large capital expenditures will require the use of fund balance.
- COVID 19 pandemic has impacted operations, but we are unsure of the future effects to the revenue streams. Based on FY2021 operations, there has not been any indication of a drop in revenue, but continued closures may eventually effect the Town's finances.
- FY2022 revenue for ad valorem and motor vehicle taxes was affected by the Union County property tax revaluation increasing revenues for ad valorem taxes but decreasing motor vehicle taxes due to the overall drop in the Town's tax rate.
- Impacts of the Town's Capital Improvement Plan (CIP) are discussed in a later section.
- This is a living plan and should be used to determine effects of large capital investment on the Town's financial fund balance and overall financial stability.

Enterprise Funds

Enterprise Funds account for business-type activities of the Town. These activities provide services where most of the costs are recovered through user fees or charges. The Town has two Enterprise Funds.

- Sewer Fund – received revenues from charges to property owners to provide sewer connection to the Union County-wide sewer system.
- Storm Water Fund - receives its revenues from annual charges to all property owners to fund storm water quality projects, operations and maintenance, capital improvements to the Town's storm water infrastructure system.

Sewer Fund Long Term Planning

Background

The Sewer fund was established when Union County offered to property owners of Stallings to pay a one-time fee to connect to the County-wide sewer system. Stallings collected the fees which have been held in escrow in this fund. The current balance held in escrow is \$7,959.31 which represents a handful of property owners that have not yet taken this election.

Long Term Planning

The fund will continue in perpetuity until these property owners have connected to the county's sewer system.

Storm Water Fund Long Term Planning

The Storm Water Fund was established for the accounting of the costs of operating and maintaining the Town's storm water infrastructure system.

The Storm Water Fund has consistently remained in sound financial condition from year to year due to effective management of the sources and uses of the Town's funds.

The Storm Water Fund has an unrestricted fund balance of \$1,195,344 at fiscal year-end 2022. This balance continued to grow year over year as revenues for the fund exceed expenditures but did decrease in 2020 due to a transfer to the General Fund of \$208,000 for the construction of the underground water detention system at Town Hall.

Below is a summary of past and recent year-end fund balance reserves:

Storm Water Fund	2017	2018	2019	2020	2021
Net Position					
Net Investment in Capital Assets	63,680	104,293	385,891	576,007	604,622
Unassigned	881,418	1,152,240	1,284,670	1,065,701	1,195,344
Total Net Position	\$ 945,098	\$ 1,256,533	\$ 1,670,561	\$ 1,641,708	\$ 1,799,966

Sources of Storm Water Funds

The source of revenue in the Storm Water Fund are fees charges annually to all property owners. The fee structure is based on whether the property is for commercial or residential use.

Residential Storm Water Fee - \$46 per lot

Commercial Storm Water Fee - \$33 per ERU (Equivalent Residential Unit = 2,060 sq. ft.)

Fees are assessed annually and are billed and collected along with property taxes. Exhibit 4 below displays Storm Water Fund actual revenue from FY2017 through FY2021 and budget value for FY2022.

	Revenue by Source					
	Exhibit 4					
	FY2017	FY2018	FY2019	FY2020	Unaudited FY2021	Budget FY2022
Storm Water Fees & Interest	\$ 488,516	\$ 493,804	\$ 474,935	\$ 475,932	\$ 477,030	\$ 490,100
<i>YOY Change</i>	1.48%	1.08%	-3.82%	0.21%	0.23%	2.74%

Storm Water revenue is consistent from FY2017 through FY2020 except for the drop in FY2019. The fee structure for the Town has not been changed since 2014 which makes the revenue flow as unfluctuating as indicated. While the budget for FY2022 represents an 2.74% increase, management feels that the 0.22% average increase from FY2020 through FY2021 is more representative of the projected revenues for this fund.

Use of Storm Water Funds

Expenditures from this fund are used for operation and maintenance, capital improvements, and infrastructure replacement relating specifically to the Town’s storm water system.

The Town stormwater control authority currently includes responsibility within the public right of way and in the design of new developments. Repair and maintenance beyond the right of way is the responsibility of the property owner or related HOA.

The Storm Water Fund expenditures fluctuate from year to year as depicted in Exhibit 5 below. These fluctuations are due to the number of storm water projects identified and remediated within the specific fiscal year. The Town has been building a reserve in the fund that would be large enough to repair 2 major storm water events. This amount has been identified by Council to be at \$1,000,000. From FY2017 to FY2022, the expenditures for the fund were less than the revenue for the year which built this reserve.

During FY2019 and FY2020, storm water expenditures increased due the number of storm water repairs completed by the Town as shown in Exhibit 5 below. The Town completed 24 storm water projects in FY2019, 26 projects in FY2020 and 21 projects in FY2021.

**Expenditures
Exhibit 5**

	FY2017	FY2018	FY2019	FY2020	Unaudited FY2021	Budget FY2022
Storm Water Expenditures less contingency	\$ 245,268	\$ 182,369	\$ 274,299	\$ 296,785	\$ 320,111	\$ 467,100
<i>YOY Change</i>	-36.85%	-25.65%	50.41%	8.20%	7.86%	45.92%

Storm Water Fund Long Term Planning Summary

Based on the historical information analysis on sources and uses of funds, the following factors will be used for the five -year forecast model:

Rates to be used for the analysis:

Revenue (Sources) Escalation 0.32%

Expenditures (Uses) Escalation – Annually expenditures are budgeted to equal revenue with any excess at year-end adding to the net position of the fund. During FY2022 budgeting process, Council voted to include a contingency in the expenses that would have to be appropriated to be used that year. Included in the FY2022 budget, a contingency of \$23,000 was deducted from the total expenditures for this purpose. For planning purposes, the average increase from FY2020 to FY2021 was **8.03%**. For projections from FY2022 and forward, the FY2021 actual expenses will be escalated by 8.03% in the out years. Any larger maintenance projects that would exceed budget would require fund appropriations.

These assumptions will be reviewed during the budget process and the five-year projection will be updated annually based on operations of the last fiscal year.

**Storm Water Fund Five-Year Financial Plan
As of 10/1/2021**

STORM WATER FUND REVENUES and EXPENDITURES FORECASTS

	Projected	Budget				
	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>	<u>FY2026</u>
SW Revenue Forecast	\$ 477,030	\$ 478,079	\$ 479,131	\$ 480,185	\$ 481,241	\$ 482,300
		0.22%	0.22%	0.22%	0.22%	0.22%
SW Expenditures	320,112	346,361	374,763	405,493	438,744	474,721
REVENUES OVER EXPENDITURES	\$ 156,918	\$ 131,718	\$ 104,368	\$ 74,692	\$ 42,497	\$ 7,579

STORM WATER FUND - FORECASTED UNASSIGNED BALANCE

	Projected	Budget				
	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>FY2025</u>	<u>FY2026</u>
Beginning Balance	\$ 1,065,701	\$ 1,192,958	\$ 1,324,676	\$ 1,429,044	\$ 1,503,736	\$ 1,546,233
Less Appropriated Fund Balance	\$ 29,661	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned Fund Balance Available	\$ 1,036,040	\$ 1,192,958	\$ 1,324,676	\$ 1,429,044	\$ 1,503,736	\$ 1,546,233
Add Current Year Revenues over Expenditures	156,918	131,718	104,368	74,692	42,497	7,579
ENDING UNASSIGNED BALANCE	\$ 1,192,958	\$ 1,324,676	\$ 1,429,044	\$ 1,503,736	\$ 1,546,233	\$ 1,553,812

Town of Stallings Capital Improvement Plan (CIP)

The Town adopted a Capital Improvement Plan (CIP) in June of 2013 which was later amended in December of 2014. The policy was adopted “to ensure that planning for future large-scale maintenance and infrastructure projects are properly and formally considered and aligned with Council’s strategic direction and that funding for such efforts is identified and forecast so that these identified efforts and projects are executed in a timely and scheduled manner and are financially sustainable.”¹

The CIP is a five-year plan which is updated annually in conjunction with the annual budget process. The CIP will be used along with the Town of Stallings Five-year Financial Plan to evaluate timing and funding for the upcoming capital projects identified on the CIP. The Five-Year Financial plan projects unassigned fund balance which could be for these type projects.

Attached is the most recently approved CIP as well as a copy of the Town of Stallings Capital Improvement Plan Policy.

CIP chart below was adopted by Council in conjunction with the FY2022 Budget in June 2021. Many of the departmental expenses that are considered a necessity to perform the operations of the town are already included in the budgeted expenditures and forecasted expenditures of the Five-Year Financial Forecast Plan. The items not included are identified and used in the new projected General Fund Balance chart.

Since the adoption of the FY2022 Budget, Council signed a purchase agreement on October 15, 2021 for property in the proximity of town hall which is an integral piece of real estate for the future development of a downtown district. The negotiated purchase price of the property is \$2,750,000 and property closing date will be before November 30, 2021. This purchase is not reflected on the CIP but is included in the forecasted unassigned fund balance chart on page 19 of this document.

¹ Town of Stallings Capital Maintenance and Infrastructure Improvement Plan, Policy Purpose, page 1.

CMIP Potential Expenditures - Approved June 2021

Potential Projects	2022	2023	2024	2025	2026
Government Owned Facilities - Buildings, Council Chambers, Community House					
New Community Building - Includes Park & Rec offices and storage					
Front Entrance to Old Town Hall - Replace Doors and install Key fob entry	28,900				
Land Investments					
Stallings Road Property (329 Stallings Road) - Demolition		20,000			
Stallings Road Property (325 Stallings Road) - Demolition		20,000			
Town Connectivity - Parks/Greenways/Trails					
Privette Road Park					
Playground Equipment, shade, turf and fence (2 phases)	5,000	23,000	28,000		
Stallings Municipal Park					
Stallings Park - Sprinkler System		50,000			
Stallings Park - Signage		10,000			
Stallings Park - Wifi		TBD			
Stallings Park - Camera System (needs Wifi)		TBD			
Stallings Park - 2 Playgrounds Replacement			250,000		
Blair Mill Park					
Blair Mill Park Signage	10,000				
Blair Mill Park Enhancements	50,000				
Blair Mill Park Storage		15,000			
Blair Mill Greenway (N1) - Vickery Portion					
Construction	550,000				
Central Stallings Spine - Town Hall and Municipal Park (CS-1)					
Engineering			275,000		
Construction					
Town Connectivity - Sidewalks					
Sidewalks:					
Lawyers Road (2A)				340,000	
Lawyers Road (2B) (Buckingham to end of jurisdiction) (S-7)				340,000	
Equipment					
Computer Equipment - Repair/Replacement Plan Annually	20,000	50,000	50,000	50,000	50,000
Police Department - Fleet Repair/Replacement Plan Annually	123,200	126,280	129,437	132,673	135,990
Police Department - Lexipol policy Manual and Guardian Tracking	12,000	12,000	12,000	12,000	
Police Department - Body Camera Replacement	14,500	14,500	14,500	14,500	
Police Department - In-Car Camera Replacement	27,900	27,900	27,900	27,900	
Police Department - Portable Message Board for traffic control		12,000			
Public Works - Building and Grounds Contingency as building ages			10,000	10,000	10,000
Public Works - HVAC Repairs/Replacement	20,000	20,000	20,000	20,000	20,000
Public Works - Smart Meter Installation - Delayed		10,000			
Public Works - Zero Turn Mower	15,000				
Public Works - Vehicle Replacement				40,000	
Planning/Zoning - Vehicle Replacement				35,000	
Park & Rec - Pickup Truck & Trailer		50,000			
Park & Rec - Permanent Structure for Farmers Market			TBD		
Transportation					
Infrastructure Improvements:					
Streetscape and Signage					
Signage - Street Sign Change	5,000				
Stallings & Greenway Signage - Const Documents & Monument Gateway Signage					
Gateway Signage @ Atrium Roundabout	200,000				
Down Town					
DFI Downtown Feasibility Assessment - Phase I	75,000				
DFI Downtown Feasibility Assessment - Phase II	TBD				
Downtown Site Control & Implementation Costs	TBD				
Street Resurfacing and Sidewalks - Powell Bill + Additional Funds	\$ 663,700	\$ 663,700	\$ 663,700	\$ 663,700	663,700
Potter Road/Pleasant Plains Intersection					
Update Transportation Master Plan	25,000				
Total General Government	\$ 1,845,200	\$ 1,124,380	\$ 1,480,537	\$ 1,685,773	\$ 879,690

Updated General Fund Forecast

Including CIP Projects

GENERAL FUND - FORECASTED UNASSIGNED BALANCE

	Budget FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Beginning Balance	\$ 4,138,319	\$ 6,424,313	\$ 2,526,531	\$ 2,032,255	\$ 1,107,935	\$ (103,067)
Less Available Cash needed for Capital Project	\$ -	\$ (2,750,000)	\$ (735,680)	\$ (1,091,837)	\$ (1,297,073)	\$ (490,990)
Other additions/deductions from Unassigned FB	\$ 1,598,811	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned Fund Balance Available	\$ 5,737,130	\$ 3,674,313	\$ 1,790,851	\$ 940,418	\$ (189,138)	\$ (594,057)
Add Current Year Revenues over Expenditures	1,066,231	(777,967)	601,151	517,199	426,294	328,036
Total Available before Debt Service Payments	\$ 6,803,361	\$ 2,896,346	\$ 2,392,002	\$ 1,457,617	\$ 237,156	\$ (266,020)
Less CY Debt Service Payments	\$ (379,048)	\$ (369,815)	\$ (359,747)	\$ (349,682)	\$ (340,223)	\$ (329,552)
Net Available Beginning of Next Fiscal Year	\$ 6,424,313	\$ 2,526,531	\$ 2,032,255	\$ 1,107,935	\$ (103,067)	\$ (595,572)
Add Minimum Fund Balance Requirement Reserved by Council changed to 20% in FY2021	1,770,640	1,770,640	1,770,640	1,770,640	1,770,640	1,770,640
Total Funds Available including Council Reserve	\$ 8,194,953	\$ 4,297,171	\$ 3,802,895	\$ 2,878,575	\$ 1,667,573	\$ 1,175,068

- Note that in FY2022 capital purchases listed on the CIP were already included in the FY2022 Budget. The only capital purchase for FY2022 added was for the purchase of the property adjacent to Town Hall. For FY2023 through FY2026 only projects that included additional funds and were not departmental equipment replacements were included in the cash needed for capital projects line.
- Also note that this analysis does not include any of the ARP or CRTPO funding that we received or will receive for capital projects. These funds will positively impact the General Fund Balance if they are used on any of the projects listed on the CIP.

In summary, the available fund balance in the outyears decreases regardless of whether CIP projects are included but do decrease more quickly with the CIP expenditures included in the projections. While the new projects listed on the CIP would be additional expenditures, others listed such as police cameras, building maintenance, computer maintenance, and HVAC replacements are critical to maintain operations. The analysis above also shows revenues more than expenses before debt service and CIP expenses, but they decrease each year. If this trend is accurate, it will be necessary for the Town to use reserves to cover operational expenses. There will not be excess funds to add services due to the growth in the town (for example: add police officers to cover Atrium Hospital) or for other operational needs. At that point, there will need to be a tax increase for the Town to maintain healthy fund balances and achieve the long-term goals of the Town while maintaining a fiscally responsible and growing community.



MEMO

To: Mayor and Council
From: Alex Sewell, Town Manager
Date: November 18, 2021
RE: **2022 Draft Town Council Transition Support Plan**

Purpose: This memorandum provides a draft 2022 Town Council Transition Support Plan for the Council's consideration.

Background: The newly elected Town Council Members, including two new members, will be sworn in at the 12/13/21 Town Council Meeting.

Draft Transition Support Plan: A draft plan to support the new Town Council transition is enclosed below. The draft plan's goal is to support the education, integration, and required ethics training of all elected officials so the new Town Council can operate as an ethical, effective, and functional governing board.

Requested Action: Staff are seeking the following:

- 1.) Council approval of the draft 2022 Town Council Transition Support Plan and a decision on whether to do the optional personality assessment;
- 2.) Council direction to the Town Manager to implement the 2022 Town Council Transition Support Plan;
- 3.) Mayor appointment of 2 to 3 Council Members to work with the Town Manager on the specific 2022 Annual Retreat format; and
- 4.) Feedback on the collectively desired dates/times for the "Essentials of Municipal Government" Course presented by the UNC School of Government.



2022 Town Council Transition Support Plan

Goal – Support the education, integration, and required ethics training of all elected officials so the new Town Council can operate as an ethical, effective, and functional governing board.

Step 1 – Provide new Council Members with foundational knowledge so they can make informed decisions and operate effectively and ethically within the Town organizational structure.

- Send two new Council Members information for review/reference to start gaining foundational knowledge.
- Hold a “New Council Member Bootcamp” orientation designed to facilitate practical working knowledge and abilities.
 - Mac McCarley, Former Charlotte City Attorney; Partner, Parker-Poe
 - Council-Manager Form of Government
 - Q&A Roundtable
 - Town Manager & Department Heads
 - Review of Current Council Priorities
 - Review of Organizational Structure
 - Review of Current Projects
 - Review of Each Department
 - Lunch with Mayor Dunn
 - Erinn Nichols, Assistant Town Manager/Town Clerk
 - Town Council Procedures (How to place items on the meeting agendas, voting, Robert’s Rules of Order, etc.).

- “Mock” Board Meeting to Demonstrate Discussion, Voting, etc. occurs under the Town’s Rules of Procedure

Step 2 – Continue to build foundational knowledge for effective decision-making, ensure all Council Members receive required ethics training, and foster effective working relationships.

- All Council Members attend in-person the “Essentials of Municipal Government” Course presented by the UNC School of Government. The course includes:
 - 1.) The basics of municipal government authority, finances, and functions.
 - 2.) Keys to governing body effectiveness and your role as a member.
 - 3.) The legal boundaries of ethics and transparency.
 - 4.) The importance of developing positive relationships with your colleagues, staff, and external partners and organizations that influence life in your communities.
 - 5.) Council Members will receive the required ethics training.
 - The Council is encouraged collectively to choose a time/date:
 - December 16 – 17th (Cary)
 - January 6 – 7th (Asheville)
 - January 13-14th (Wilmington)
 - While it is strongly recommended that the Council go together to the training in-person, there are two online course dates if there is an individual who is unable to make the in-person dates:
 - December 13 – 15th
 - January 26 – 28th

Step 3 – Build a unified set of Town Council priorities where all Council Members feel heard and respected. Continue to foster effective work relationships.

- Mayor to appoint 2 to 3 Council Members to work with Manager on 2022 Annual Retreat specific format.

- Have Curt Walton (former Charlotte City Manager) facilitate the Council Annual Retreat in February 2022 including:
 - o Interview Mayor and Town Council Members individually in advance of the Annual Retreat to determine top priorities, areas of concern, and areas of opportunity.
 - o Facilitate the 2022 Annual Retreat including:
 - Synthesis of information gathered from individual meetings with the Mayor and Town Council;
 - Integrate the impact of that information on the 2022 workplan; and
 - Determine the most important next steps to guide the work of the elected officials and Town staff.
 - o Optional: Complete a relationship-building exercise for the Mayor, Town Council, and Town Manager as part of the annual retreat. The recommended assessment is the WorkPlace Big Five Personality Assessment.

Desired Outcomes:

- New Council Members have confidence they have the foundational knowledge to make informed decisions.
- Effective working relationships amongst the individual Council Members and Town Manager.
- All Council Members have completed required ethics training (if applicable).
- A unified set of clear priorities with clear expectations of next steps.
- All Council Members feel heard and respected.

Estimated Cost & Budget Considerations: The estimated total cost is \$6,675. This includes speaker/facilitation fees and course registration fees. This does not include any cost of facility rental for Annual Retreat venue (if applicable), hotel, and meal/mileage reimbursement. These costs can be

absorbed in the FY 21-22 Budget. If the Council opts to do the personality assessment, the additional cost would be \$4,000.