



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2016**



**TOWN OF STALLINGS  
NORTH CAROLINA**

**Comprehensive Annual  
Financial Report**

**For the Fiscal Year  
Ended June 30, 2016**

**Prepared By  
Finance Team**



**TOWN OF STALLINGS  
NORTH CAROLINA**

**List of Principal Elected Officials  
Fiscal Year Ended June 30, 2016**

**Town Council**

Wyatt Dunn - **Mayor**

Regis Griffin - **Mayor Pro Tempore**

Rocky Crenshaw

Kathy Heyse

Deborah Romanow

David Scholl

Shawna Steele



**TOWN OF STALLINGS, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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## Introductory Section

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





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Town of  
**Stallings**

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315 Stallings Road • Stallings, North Carolina 28104

November 15, 2016

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

We are proud to present the Comprehensive Annual Financial Report (CAFR) of the Town of Stallings for the fiscal year ended June 30, 2016. The CAFR consists of financial statements and supplemental statements. State law requires that each local governmental unit have its accounts audited by an independent certified public accountant. The Town's audit was conducted by Collins, Boike & Moore, P.A., CPAs. The firm's unqualified opinion on the statements is included in the Financial Section of this report. As required by accounting standards, the financial statements are management's representation of the Town's finances, and management assumes full responsibility for the completeness and reliability of all the information presented. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework to protect the Town's assets from theft, fraud, or misuse.

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

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

#### PROFILE OF THE GOVERNMENT

The Town covers an area of 7.91 square miles and runs along the border between Union and Mecklenburg county. The vast majority of the Town is in Union County, with 110 additional parcels located in Mecklenburg. Interstate 485, a highway loop encircling Charlotte, has four interchanges on the Town's western border. U.S. Route 74, which runs from Chattanooga, Tennessee to the Atlantic Ocean, bisects the Town.

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

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

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

## HISTORY OF STALLINGS

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

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

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

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

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

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

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

Stallings Municipal Park underwent a complete renovation from 2011 to 2013, and has won several state and local awards for its design and popularity. The Parks and Recreation department is now able to host a wide variety of events, including Stallings Fest (the Town's signature event), Christmas tree lighting, concerts in the park, and a barbecue.

### ECONOMIC CONDITION

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

One complication of this growth is the addition of a U.S. 74 Bypass. The Bypass will be built directly through the Town in the vicinity of the existing U.S. 74. In the coming years, the Town will face the prospect of trying to revitalize U.S. 74, which has seen an exodus of business development in recent years.

In 2013, the Town created its first official Capital Improvement Plan (CIP). The CIP is designed to anticipate and ensure funding for the major capital projects occurring over the next five years. The Town Council updates the CIP during the budget process, and adopts the plan along with the budget.

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

### ACKNOWLEDGEMENTS

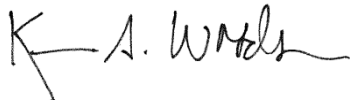
The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for comprehensive annual financial reports (CAFR) which

meet several standards, including conformity with GAAP, completion of supplementary materials, and clarity of presentation. A Certificate of Achievement is valid for one year only.

The Town of Stallings prepared and submitted their first comprehensive annual report for the fiscal year ended June 30, 2015 and was awarded a Certificate of Achievement for Excellence in Financial Reporting. The town intends to continue to update, improve, and submit CAFRs for eligibility.

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

Respectfully submitted,



Kevin S. Woods  
Town Manager



Marsha Gross  
Finance Officer



# CERTIFICATE OF ACHIEVEMENT

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Government Finance Officers Association

## Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Town of Stallings  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Stallings for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. This was the first report prepared and submitted for this prestigious award.

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

A Certificate of Achievement is valid for a period of one year only. We have prepared the Comprehensive Annual Report for fiscal year ended June 30, 2016 and are submitting to the GFOA to determine its eligibility for another Certificate of Achievement for Excellence in Financial Reporting.

## APPOINTED AND ADMINISTRATIVE POSITIONS

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**Kevin Woods**  
*Town Manager*

**Erinn Nichols**                      *Deputy Town Manager/Town Clerk*

**Marsha Gross**                      *Finance Officer*

**Karen Williams**                      *Human Resources*

**Christopher Easterly**                      *Engineer*

**Lynne Hair**                      *Town Planner*

**Minor Plyler**                      *Police Chief*

**Emily Hughes**                      *Communications/Deputy Town Clerk*

## **BOARDS AND COMMITTEES**

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

### Board of Adjustment

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

### Finance and Administration Committee

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

### Parks and Recreation Committee

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

### Planning Board

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

### Public Safety Advisory Committee

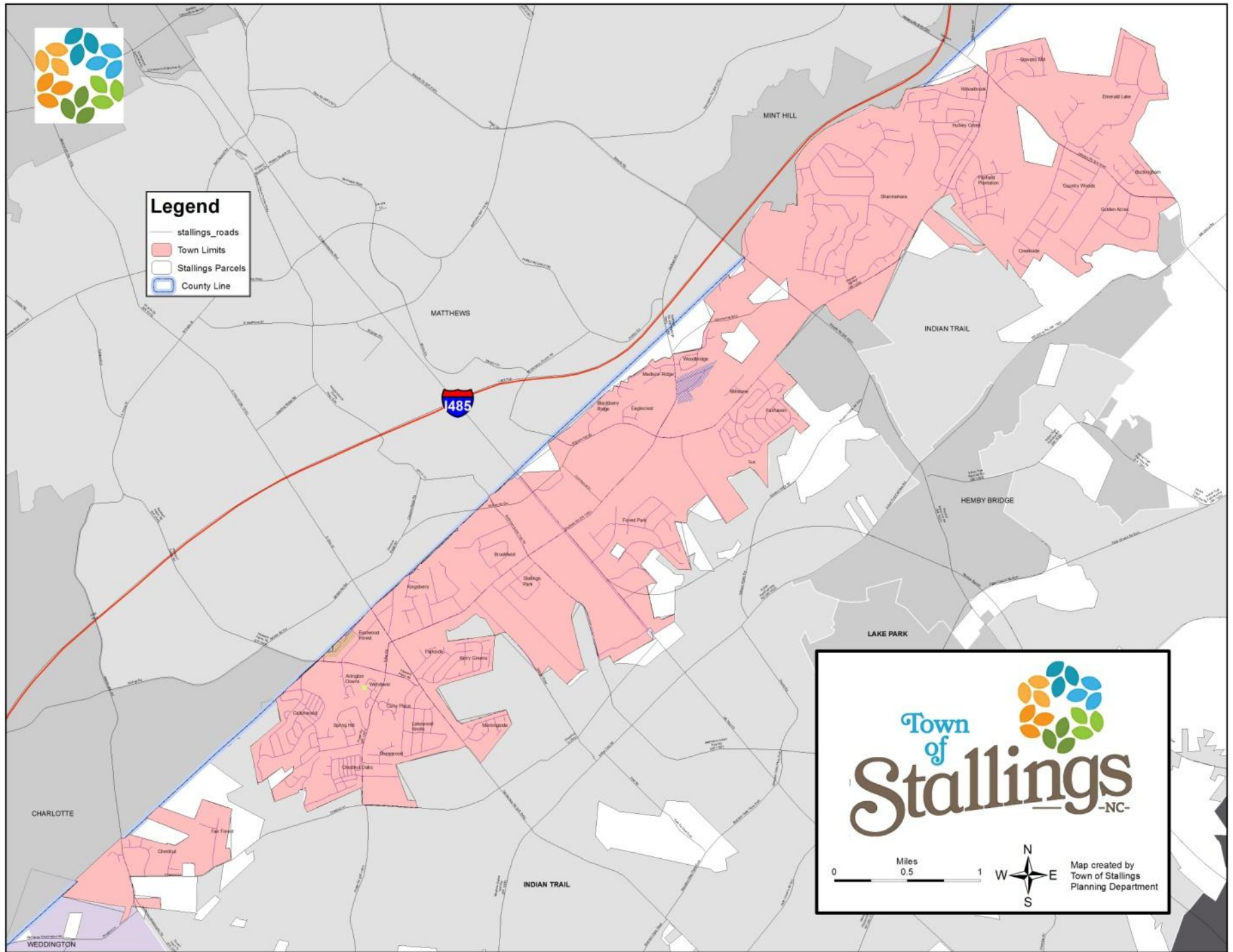
Responsibilities: The Public Safety Advisory Committee serves as an advisory committee to the Town Council regarding Public Safety management. The Committee advises in the area of improving safety within the town for the residents as well as ensuring local statutes are in compliance with Union County's Emergency Management Department.

### Stormwater Advisory Committee

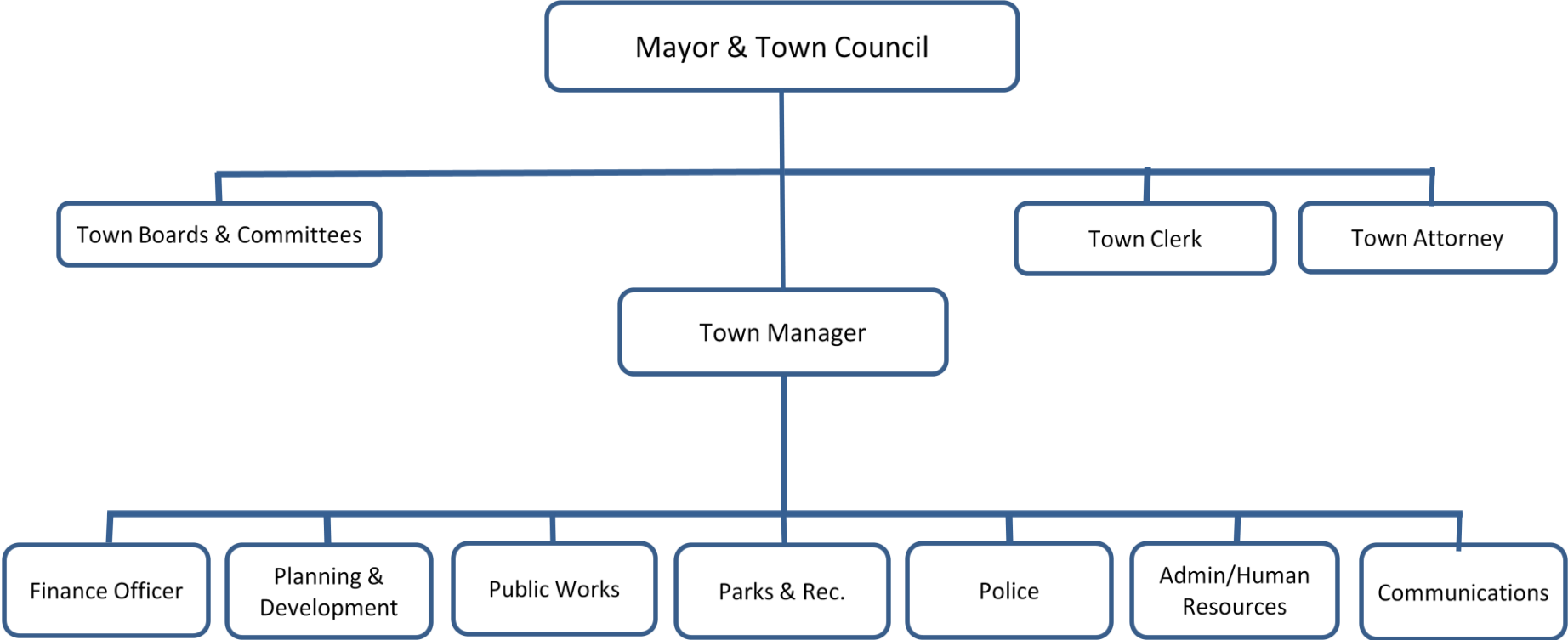
Responsibilities: This Stormwater Advisory Committee provides guidance, oversight and recommendations to Town Council and staff in the implementation of a Stormwater Management Program.

### Transportation Advisory Committee

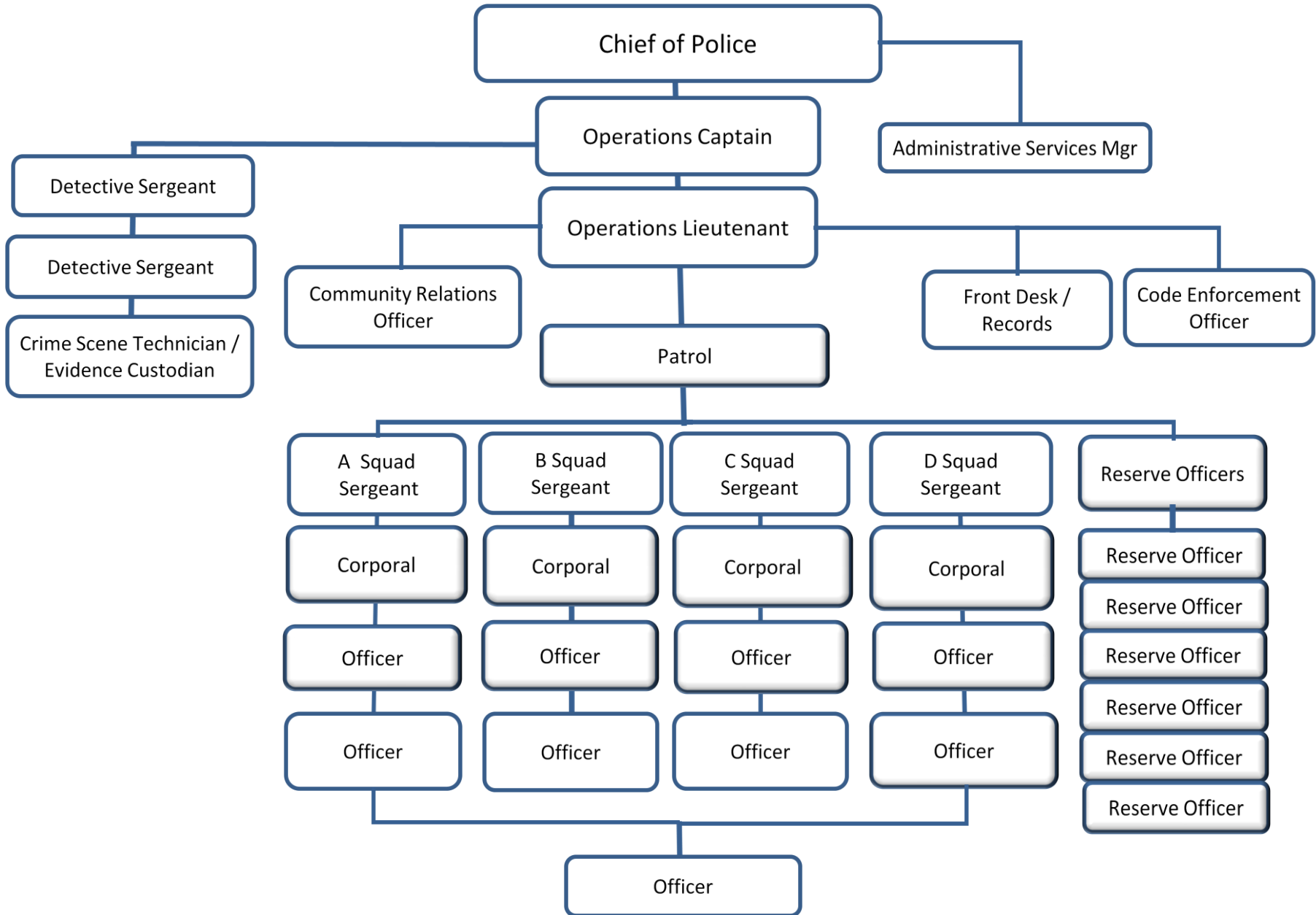
Responsibilities: The Transportation Advisory Committee serves as an advisory committee to the Town Council regarding public transportation matters involving all streets (state, town, and private). This Committee provides the Town Council with a citizen's viewpoint on local and regional transportation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



# Town of Stallings Organizational Chart



# Stallings Police Department Organizational Chart







## **Financial Section**

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- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplemental Information
- Individual Fund Statements and Schedules
- Additional Financial Data



**Independent Auditor's Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Stallings, North Carolina as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Town of Stallings' basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Stallings, North Carolina as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 13, and the Law Enforcement Officers' Special Separation Allowance on pages 47 through 48, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 49 through 50, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

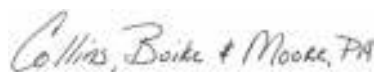
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stallings' basic financial statements. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State Awards is also presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2016 on our consideration of the Town of Stallings' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Stallings' internal control over financial reporting and compliance.



Monroe, North Carolina  
November 8, 2016

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

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Stallings, we offer readers of the Town of Stallings' financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016. We encourage readers to use the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### Financial Highlights

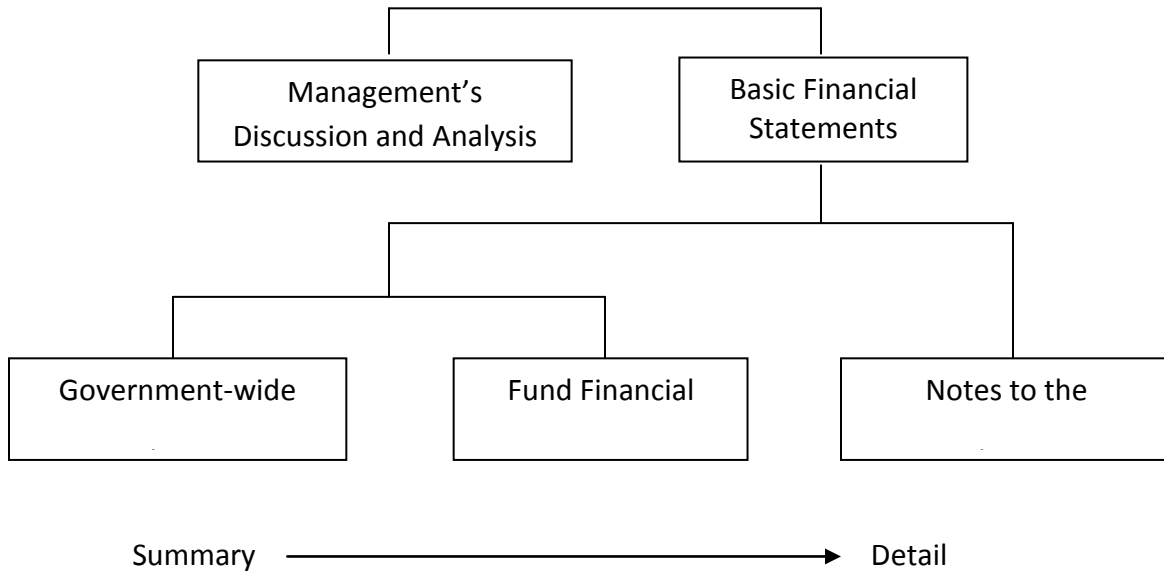
- The assets and deferred outflows of resources of the Town of Stallings exceeded its liabilities and deferred inflows of resources at the close of the year by \$28,396,547 (*net position*).
- The government's total net position decreased by \$797,711 mainly due to depreciation of Town assets.
- As of the close of the current fiscal year, the Town of Stallings' governmental fund reported an ending fund balance of \$9,435,636, a net increase of \$873,221. Approximately 48 percent of this total amount, or \$4,533,650, is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,533,650, or 73 percent of total general fund expenditures for the fiscal year.
- The Town's long-term liabilities increased by \$174,131 during the fiscal year.

### Overview of the Financial Statements

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

**TOWN OF STALLINGS**  
**Management's Discussion and Analysis (Continued)**  
**For The Year Ended June 30, 2016**

**Required Components of Annual Financial Report**  
**Figure 1**



**Basic Financial Statements**

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.



**TOWN OF STALLINGS**  
**Management's Discussion and Analysis (Continued)**  
**For The Year Ended June 30, 2016**

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to the financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

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

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

**Fund Financial Statements**

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

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

## **TOWN OF STALLINGS**

### **Management's Discussion and Analysis (Continued)**

**For The Year Ended June 30, 2016**

The Town of Stallings adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Town Council; 2) the final budget as amended by the Town Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 24 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Stallings' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 47 of this report.

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

**TOWN OF STALLINGS**  
**Management's Discussion and Analysis (Continued)**  
**For The Year Ended June 30, 2016**

**Government-Wide Financial Analysis**

	Town of Stallings – Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 9,667,741	\$ 9,040,950	\$ 733,440	\$ 638,676	\$ 10,401,181	\$ 9,679,626
Capital assets	18,692,634	20,423,290	-	-	18,692,634	20,423,290
Deferred outflows of resources	129,990	124,306	-	-	129,990	124,306
Total assets and deferred outflows of resources	<u>28,490,365</u>	<u>29,588,546</u>	<u>733,440</u>	<u>638,676</u>	<u>29,223,805</u>	<u>30,227,222</u>
Long-term liabilities	366,321	192,190	-	-	366,321	192,190
Other liabilities	348,302	362,987	33,610	31,949	381,912	394,936
Deferred inflows of resources	79,025	445,838	-	-	79,025	445,838
Total liabilities and deferred inflows of resources	<u>793,648</u>	<u>1,001,015</u>	<u>33,610</u>	<u>31,949</u>	<u>827,258</u>	<u>1,032,964</u>
Net position:						
Net investment in capital assets	18,692,634	20,423,290	-	-	18,692,634	20,423,290
Restricted	931,408	635,132	-	-	931,408	635,132
Unrestricted	<u>8,072,675</u>	<u>7,529,109</u>	<u>699,830</u>	<u>606,727</u>	<u>8,772,505</u>	<u>8,135,836</u>
Total net position	<u>\$ 27,696,717</u>	<u>\$ 28,587,531</u>	<u>\$ 699,830</u>	<u>\$ 606,727</u>	<u>\$ 28,396,547</u>	<u>\$ 29,194,258</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Stallings exceeded liabilities and deferred inflows by \$28,396,547 as of June 30, 2016. The Town's net position decreased by \$797,711 for the fiscal year ended June 30, 2016. The largest decrease is reflected in the Town's net investment in capital assets (e.g. land, streets, buildings and equipment) which recorded \$3,205,839 in depreciation expense for the fiscal year ended June 30, 2016. The Town of Stallings uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the Town of Stallings' net position, \$931,408, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,772,505 is unrestricted.

The Town of Stallings implemented GASB Statement 68 last fiscal year. With the reporting change, the Town is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and

**TOWN OF STALLINGS**  
**Management's Discussion and Analysis (Continued)**  
**For The Year Ended June 30, 2016**

pension expense. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Stallings' management.

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

- Diligence in the collection of property taxes by maintaining a tax collection percentage of 99.59%, which continues to exceed the statewide average.
- Transportation spending was lower than budgeted due to a restructured road classification system and repair program.
- Restricted intergovernmental revenue exceeded budget by 125% due to increased forfeiture revenue and government grants.
- The Town has no outstanding debt and therefore incurs no interest expenses.

**TOWN OF STALLINGS**  
**Management's Discussion and Analysis (Continued)**  
**For The Year Ended June 30, 2016**

	Town of Stallings – Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services	\$ 165,494	\$ 163,968	\$ 481,394	\$ 474,505	\$ 646,888	\$ 638,473
Operating grants and contributions	1,075,758	413,106	-	-	1,075,758	413,106
Capital grants and contributions	-	3,417,719	-	-	-	3,417,719
General revenues:						
Property taxes	3,705,616	3,697,772	-	-	3,705,616	3,697,772
Other taxes	2,016,977	1,912,084	-	-	2,016,977	1,912,084
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	<u>113,372</u>	<u>39,886</u>	<u>92</u>	<u>113</u>	<u>113,464</u>	<u>39,999</u>
Total revenues	<u>7,077,217</u>	<u>9,644,535</u>	<u>481,486</u>	<u>474,618</u>	<u>7,558,703</u>	<u>10,119,153</u>
Expenses:						
General government	1,089,163	977,476	-	-	1,089,163	977,476
Economic and physical development	195,538	139,329	-	-	195,538	139,329
Public safety	2,046,085	1,859,414	-	-	2,046,085	1,859,414
Transportation	3,160,071	2,696,181	-	-	3,160,071	2,696,181
Environmental protection	912,934	903,601	-	-	912,934	903,601
Cultural and recreation	564,240	479,700	-	-	564,240	479,700
Storm water	-	-	<u>388,383</u>	<u>167,320</u>	<u>388,383</u>	<u>167,319</u>
Total expenses	<u>7,968,031</u>	<u>7,055,701</u>	<u>388,383</u>	<u>167,320</u>	<u>8,356,414</u>	<u>7,223,021</u>
Increase (decrease) in net position before transfers	(890,814)	2,588,834	93,103	307,298	(797,711)	2,896,132
Net position, July 1	<u>28,587,531</u>	<u>25,998,697</u>	<u>606,727</u>	<u>299,429</u>	<u>29,194,258</u>	<u>26,298,126</u>
Net position, June 30	<u>\$ 27,696,717</u>	<u>\$28,587,531</u>	<u>\$ 699,830</u>	<u>\$ 606,727</u>	<u>\$ 28,396,547</u>	<u>\$29,194,258</u>

**TOWN OF STALLINGS**  
**Management's Discussion and Analysis (Continued)**  
**For The Year Ended June 30, 2016**

**Governmental Activities.** Governmental activities decreased the Town's net position by \$890,814. The key element of this decrease was the depreciation of Town assets.

**Business-type Activities.** Business-type activities increased the Town of Stallings' net position by \$93,103. Key elements of this increase are as follows:

- The Storm Water fees increased revenue from prior year.
- No major repair projects were undertaken during the fiscal year.

**Financial Analysis of the Town's Funds**

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

**Governmental Funds**

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

The general fund is the chief operating fund of the Town of Stallings. At the end of the current fiscal year, the Town of Stallings' fund balance available in the General Fund was \$4,533,650, while total fund balance reached \$9,435,636. The Town Council has determined that the Town should maintain an available fund balance of thirty percent of budgeted general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 61.50 percent of general fund expenditures, while total fund balance represents 127.99 percent of the same amount.

At June 30, 2016, the governmental funds of the Town of Stallings reported a combined fund balance of \$9,435,636 with a net increase in fund balance of \$872,581 or 10.2 percent over prior fiscal year. The positive change in fund balance is due to increases in restricted and unrestricted revenues for franchise and utility taxes, contributions from Department of Justice forfeitures and grants.

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

**TOWN OF STALLINGS**  
**Management's Discussion and Analysis (Continued)**  
**For The Year Ended June 30, 2016**

At year-end revenues were 16.9 % greater than the budget due to increases in property tax and sales and use tax, operating grants and Department of Justice forfeitures. Expenditures were 8.6% below budget mainly in Transportation which postponed budgeted road repairs to next fiscal year.

**Proprietary Fund.** The Town's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Storm Water Fund at the end of the fiscal year amounted to \$699,830. The total change in net position was an increase of \$93,103. The increase was a result of lack of required major projects.

**Capital Asset and Debt Administration**

**Capital Assets.** The Town of Stallings' investments in capital assets for its governmental activities as of June 30, 2016 total \$18,692,634 (net of accumulated depreciation). These assets include buildings, streets, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year included the following:

- Several major road repairs were completed which involved removing the old asphalt, repairing the base stone, subgrade, and resurfacing with a value of \$800,749.
- Installation of sidewalks accounted for an addition of \$249,493.
- Construction in progress of \$160,169, consisting of engineering costs for the Potter/Pleasant Plains Intersection Improvement project.
- Acquisition of public safety vehicles and equipment totaling \$131,582.

	Town of Stallings – Capital Assets (Net of Depreciation)	
	Governmental Activities 2016	Governmental Activities 2015
Infrastructure	\$ 13,453,769	\$ 15,247,100
Land Improvement	2,206,502	2,402,268
Buildings and improvements	1,266,817	1,314,886
Land	791,342	791,342
Construction in Progress	585,993	425,824
Vehicles	232,083	186,126
Computers and software	62,388	43,695
Equipment	93,740	12,049
Total	\$ 18,692,634	\$ 20,423,290

**A TOWN OF STALLINGS**  
**Management’s Discussion and Analysis (Continued)**  
**For The Year Ended June 30, 2016**

Additional information on the Town’s capital assets can be found on page 34 of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2016, the Town of Stallings had no bonded debt outstanding.

**Town of Stallings’ Outstanding Debt**

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Net pension obligation (LEO)	\$ 243,427	\$ 212,056
Compensated absences	158,894	123,009
Net pension liability (LGERS)	<u>142,761</u>	<u>-</u>
Total	<u>\$ 545,082</u>	<u>\$ 335,065</u>

The Town of Stallings’ total debt increased by \$210,017 (62.68%) during the past fiscal year, due to an increase in the net pension liability (LGERS) as well as the increase in the actuarial valuation for the law enforcement officers separation allowance.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government’s boundaries. The legal margin for the Town of Stallings is \$134,973,749.

Additional information regarding the Town of Stallings’ long-term debt can be found in the Notes to the Financial Statements on page 44.

**Economic Factors and Next Year’s Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of the Town.

- The Town’s tax rate remained at \$0.215 per \$100 of assessed property value. Excellent ad valorem collection rates and controlled spending have allowed the Town to hold the tax rate constant.
- Population growth and new construction continues to increase the Town’s tax base.
- Zoning fees increased by 17.51%, indicating continued growth and demand for additional homes and businesses in the Town.



**TOWN OF STALLINGS**  
**Management's Discussion and Analysis (Continued)**  
**For The Year Ended June 30, 2016**

**Budget Highlights for the Fiscal Year Ending June 30, 2017**

**Governmental Activities:** Property tax rates remain unchanged. The revaluation by Union County resulted in a revenue-neutral rate virtually identical to the existing rate, and the Council chose to keep the rate the same. Engineering and design work for the road improvement project at Pleasant Plains Road and Potter Road will be completed during the fiscal year, with construction beginning in 2017.

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

**Request for Information**

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



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## **Basic Financial Statements**

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**Town of Stallings**  
**Statement of Net Position**  
**June 30, 2016**

**Exhibit 1**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 8,639,501	\$ 765,376	\$ 9,404,877
Taxes receivable (net)	45,646	-	45,646
Accrued interest receivable on taxes	16,914	-	16,914
Accounts receivable (net)	-	5,321	5,321
Due from other governments	247,957	-	247,957
Prepaid items	26,288	-	26,288
Restricted cash and cash equivalents	654,178	-	654,178
Due from General Fund	37,257	(37,257)	-
Total current assets	9,667,741	733,440	10,401,181
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	1,377,335	-	1,377,335
Other capital assets, net of depreciation	17,315,299	-	17,315,299
Total capital assets	18,692,634	-	18,692,634
Total non-current assets	18,692,634	-	18,692,634
Total assets	\$ 28,360,375	\$ 733,440	\$ 29,093,815
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	129,990	-	129,990
Total deferred outflows of resources	129,990	-	129,990
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	158,508	\$ 32,887	\$ 191,395
Accounts payable from restricted cash	3,075	-	3,075
Deposits in escrow	7,959	-	7,959
Deferred revenue	-	723	723
Current portion long-term liabilities	178,760	-	178,760
Total current liabilities	348,302	33,610	381,912
Long-term liabilities:			
Net pension liability	142,761	-	142,761
Due in more than one year	223,560	-	223,560
Total long-term liabilities	366,321	-	366,321
Total liabilities	714,623	33,610	748,233
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	79,025	-	79,025
Total deferred inflows of resources	79,025	-	79,025
<b>NET POSITION</b>			
Net investment in capital assets	18,692,634	-	18,692,634
Restricted for:			
Stabilization by State Statute	285,214	-	285,214
Streets	251,888	-	251,888
Drug Forfeiture	394,306	-	394,306
Unrestricted	8,072,675	699,830	8,772,505
Total net position	\$ 27,696,717	\$ 699,830	\$ 28,396,547

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

**Town of Stallings  
Statement of Activities  
For the Year Ended June 30, 2016**

**Exhibit 2**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government</b>		<b>Total</b>
					<b>Governmental Activities</b>	<b>Business-type Activities</b>	
<b>Primary government:</b>							
Governmental Activities:							
General government	\$ 1,089,163	\$ 800	\$ -	\$ -	\$ (1,088,363)	\$ -	\$ (1,088,363)
Public safety	2,046,085	6,219	505,762	-	(1,534,104)	-	(1,534,104)
Transportation	3,160,071	-	558,002	-	(2,602,069)	-	(2,602,069)
Environmental protection	912,934	-	11,994	-	(900,940)	-	(900,940)
Economic and physical development	195,538	96,409	-	-	(99,129)	-	(99,129)
Cultural and recreational	564,240	62,066	-	-	(502,174)	-	(502,174)
Total governmental activities	<u>7,968,031</u>	<u>165,494</u>	<u>1,075,758</u>	<u>-</u>	<u>(6,726,779)</u>	<u>-</u>	<u>(6,726,779)</u>
Business-type activities:							
Storm Water	388,383	481,394	-	-	-	93,011	93,011
Total business-type activities	<u>388,383</u>	<u>481,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,011</u>	<u>93,011</u>
Total primary government	<u>\$ 8,356,414</u>	<u>\$ 646,888</u>	<u>\$ 1,075,758</u>	<u>\$ -</u>	<u>\$ (6,726,779)</u>	<u>\$ 93,011</u>	<u>\$ (6,633,768)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					3,705,616	-	3,705,616
Other taxes and licenses					2,016,977	-	2,016,977
Unrestricted investment earnings					15,757	92	15,849
Restricted investment earnings					1,541	-	1,541
Gain on disposal of assets					60,250	-	60,250
Miscellaneous					35,824	-	35,824
Total general revenues and transfers					<u>5,835,965</u>	<u>92</u>	<u>5,836,057</u>
Change in net position					(890,814)	93,103	(797,711)
Net position, beginning					28,587,531	606,727	29,194,258
Net position, ending					<u>\$ 27,696,717</u>	<u>\$ 699,830</u>	<u>\$ 28,396,547</u>

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

**Town of Stallings  
Balance Sheet  
Governmental Funds  
June 30, 2016**

**Exhibit 3**

	<b>Major Fund</b>		<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Non-Major Funds</b>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,639,501	\$ -	\$ 8,639,501
Restricted cash	654,178	-	654,178
Receivables, net:			
Taxes	45,646	-	45,646
Due from other governments	247,957	-	247,957
Due from other funds	37,257	-	37,257
Prepaid items	26,288	-	26,288
Total assets	<u>\$ 9,650,827</u>	<u>\$ -</u>	<u>\$ 9,650,827</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	158,511	\$ -	\$ 158,511
Accounts payable from restricted cash	3,075	-	3,075
Deposits in escrow	7,959	-	7,959
Total liabilities	<u>169,545</u>	<u>-</u>	<u>169,545</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	45,646	-	45,646
Total deferred inflows of resources	<u>45,646</u>	<u>-</u>	<u>45,646</u>
<b>FUND BALANCES</b>			
Non-Spendable			
Prepaid items	26,288	-	26,288
Restricted			
Stabilization by State Statute	285,214	-	285,214
Streets - Powell Bill	251,888	-	251,888
Drug Forfeiture	394,306	-	394,306
Committed			
Law Enforcement Separation Allowance	243,427	-	243,427
Parks and Recreation	223,263	-	223,263
Capital Projects Fund	-	-	-
Assigned			
Subsequent year expenditures	1,266,000	-	1,266,000
Minimum fund balance requirement	2,211,600	-	2,211,600
Unassigned	4,533,650	-	4,533,650
Total fund balances	<u>9,435,636</u>	<u>-</u>	<u>9,435,636</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,650,827</u>	<u>\$ -</u>	<u>\$ 9,650,827</u>

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

**Town of Stallings**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**  
**June 30, 2016**

**Exhibit 4**

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

Total fund balance - Governmental Funds		\$ 9,435,636
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	36,556,023	
Accumulated depreciation	<u>(17,863,389)</u>	18,692,634
Deferred outflows of resources related to pensions are not reported in the funds		
		129,990
Other assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are inflows of resources in the funds		
		16,914
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Compensated absences	(158,890)	
Net pension obligation (LEO)	(243,427)	
Net pension liability	<u>(142,761)</u>	(545,078)
Deferred inflows of resources related to pensions are not reported in the funds		
		(79,025)
Earned revenues considered deferred inflows of resources in fund statements		
		<u>45,646</u>
Net position of governmental activities		<u><u>\$ 27,696,717</u></u>

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



**Town of Stallings**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**

**Exhibit 5**

	<u>Major Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
	<u>General</u>	<u>Total</u>	<u>Governmental Funds</u>
<b>REVENUES</b>			
Ad valorem taxes	\$ 3,720,553	\$ -	\$ 3,720,553
Other taxes and licenses	38,209	-	38,209
Unrestricted intergovernmental	1,978,768	-	1,978,768
Restricted intergovernmental	1,075,758	-	1,075,758
Permits and fees	145,173	-	145,173
Investment earnings	17,298	-	17,298
Sales and services	20,321	-	20,321
Miscellaneous	96,070	-	96,070
Total revenues	<u>7,092,150</u>	<u>-</u>	<u>7,092,150</u>
<b>EXPENDITURES</b>			
General government	1,151,216	-	1,151,216
Public safety	2,050,995	-	2,050,995
Transportation	1,494,515	30,168	1,524,683
Environmental protection	912,934	-	912,934
Economic and physical development	193,851	-	193,851
Cultural and recreational	385,890	-	385,890
Total expenditures	<u>6,189,401</u>	<u>30,168</u>	<u>6,219,569</u>
Excess (deficiency) of revenues over expenditures	<u>902,749</u>	<u>(30,168)</u>	<u>872,581</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer to/from other funds	<u>(29,528)</u>	<u>29,528</u>	<u>-</u>
Total other financing sources (uses)	<u>(29,528)</u>	<u>29,528</u>	<u>-</u>
Net change in fund balance	873,221	(640)	872,581
Fund balances, beginning	8,562,415	640	8,563,055
Fund balances, ending	<u>\$ 9,435,636</u>	<u>\$ -</u>	<u>\$ 9,435,636</u>

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

**Town of Stallings**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2016**

**Exhibit 6**

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

Net changes in fund balances - total governmental funds	\$	872,581
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	\$	1,475,187
Depreciation expense for governmental assets		(3,205,839)
		(1,730,652)
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
		126,958
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in accrued interest receivable from taxes		16,914
Change in unavailable revenue for tax revenues		(31,851)
		(14,937)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences		(35,885)
Pension expense		(77,508)
Net pension obligation (LEO)		(31,371)
		(144,764)
Total changes in net position of governmental activities	\$	(890,814)

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

**Town of Stallings**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2016**

**Exhibit 7**

<b>General Fund</b>				Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues:</b>				
Ad valorem taxes	\$ 3,634,000	\$ 3,634,000	\$ 3,720,553	\$ 86,553
Unrestricted intergovernmental	1,715,000	1,785,000	1,978,768	193,768
Restricted intergovernmental	479,000	479,000	1,075,758	596,758
Other taxes and licenses	13,000	13,000	38,209	25,209
Permits and fees	103,500	128,500	145,173	16,673
Investment earnings	9,000	9,000	17,298	8,298
Sales and services	19,000	19,000	20,321	1,321
Miscellaneous	-	-	96,070	96,070
Total revenues	5,972,500	6,067,500	7,092,150	1,024,650
<b>Expenditures:</b>				
Current:				
General government	1,110,700	1,180,700	1,151,216	29,484
Public safety	2,076,650	2,076,650	2,050,995	25,655
Transportation	1,235,950	1,938,112	1,494,515	443,597
Economic and physical development	172,600	197,600	193,851	3,749
Environmental protection	913,500	913,500	912,934	566
Cultural and recreational	427,760	427,760	385,890	41,870
Contingency	35,340	35,340	-	35,340
Total expenditures	5,972,500	6,769,662	6,189,401	580,261
Revenues over (under) expenditures	-	(702,162)	902,749	1,604,911
<b>Other financing sources (uses):</b>				
Transfers to other funds	(200,000)	(200,000)	(29,528)	170,472
Total other financing sources (uses)	(200,000)	(200,000)	(29,528)	170,472
Fund balance appropriated	200,000	902,162	-	(902,162)
Net change in fund balance	\$ -	\$ -	873,221	\$ 873,221
Fund balances, beginning			8,562,415	
Fund balances, ending			\$ 9,435,636	

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

**Town of Stallings  
Statement of Fund Net Position  
Proprietary Fund  
June 30, 2016**

**Exhibit 8**

	<b>Major Enterprise Fund</b>	
	<b>Storm Water Fund</b>	<b>Total</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	765,376	\$ 765,376
Fees receivable	5,321	5,321
Total current assets	770,697	770,697
Total assets	\$ 770,697	\$ 770,697
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	32,887	\$ 32,887
Due to General Fund	37,257	\$ 37,257
Deferred revenue	723	723
Total current liabilities	70,867	70,867
Total liabilities	70,867	70,867
<b>NET POSITION</b>		
Unrestricted	699,830	699,830
Total net position	\$ 699,830	\$ 699,830

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

**Town of Stallings**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2016**

**Exhibit 9**

	<b>Major Enterprise Fund</b>	
	<b>Storm Water Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>		
Storm water fees and interest	\$ 481,394	\$ 481,394
Total operating revenues	481,394	481,394
<b>OPERATING EXPENSES</b>		
Salaries and employee benefits	64,184	64,184
Repairs and maintenance	299,731	299,731
Engineering	20,445	20,445
Miscellaneous expenses	4,023	4,023
Total operating expenses	388,383	388,383
<b>Operating income (loss)</b>	93,011	93,011
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment earnings	92	92
Total non-operating revenue (expenses)	92	92
<b>Change in net position</b>	93,103	93,103
<b>Total net position, beginning</b>	606,727	606,727
<b>Total net position, ending</b>	\$ 699,830	\$ 699,830

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

**Town of Stallings  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2016**

**Exhibit 10**

	<b>Major Enterprise Fund</b>	
	<b>Storm Water Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 478,242	\$ 478,242
Cash paid for goods and services	(321,032)	(321,032)
Cash paid to or on behalf of employees for services	(64,184)	(64,184)
Net cash provided (used) by operating activities	93,026	93,026
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Due to General Fund	41,088	41,088
Total cash flows from non-capital financing activities	41,088	41,088
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends	92	92
Net increase (decrease) in cash and cash equivalents	134,206	134,206
Balances, beginning	631,170	631,170
Balances, ending	\$ 765,376	\$ 765,376
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>		
Operating income	\$ 93,011	\$ 93,011
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(1,646)	(1,646)
(Increase) decrease in prepaid revenue	-	-
Increase (decrease) in accounts payable	3,167	3,167
Increase (decrease) in deferred revenue	(1,506)	(1,506)
Total adjustments	15	15
Net cash provided by operating activities	\$ 93,026	\$ 93,026

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

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## **Notes to Financial Statements**

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**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

**B. Basis of Presentation**

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

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

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

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

The Town reports the following major governmental funds:

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

The Town reports the following non-major governmental funds:

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

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

The Town reports the following major enterprise funds:

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

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

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

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

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

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

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

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

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

**D. Budgetary Data**

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

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

**1. Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT - Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT - Term Portfolio's securities are valued at fair value.

**2. Cash and Cash Equivalents**

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

**3. Restricted Assets**

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

*Restricted Cash*

Governmental Activities

General Fund

Powell Bill	\$	251,888
Drug forfeiture		394,306
Escrow deposits		<u>7,984</u>
Total Restricted Cash		<u><u>654,178</u></u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2015.

5. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years. No allowance for doubtful accounts was required as of June 30, 2016.

6. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

7. Capital Assets

Capital assets are defined by the government as assets with an initial individual cost of \$5,000 and an estimated useful life of three years or greater. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are recorded at cost or estimated historical cost.

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

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

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

**8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion: contributions made to the pension plan in the 2016 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – property taxes receivable, and deferrals of pension expense that result from the implementation of GASB Statement 68.

**9. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

**10. Compensated Absences**

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

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

**Nonspendable Fund Balance** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

    Prepays – portion of fund balance that is not an available resource because it represents the year-end balance of prepaids, which are not spendable resources.

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

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

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

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

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

    Committed for Law Enforcement Separation Allowance – committed for retirement benefits to qualified sworn law enforcement officers.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

Committed for Parks and Recreation – committed for park improvements.

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

Assigned Fund Balance – portion of fund balance that the Town of Stallings council intends to use for specific purposes. The Town’s governing body has the authority to assign fund balance. The Manager and Finance Officer, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

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

The Town of Stallings adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 30% of budgeted expenditures. Any portion of the general fund balance in excess of 30% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

**12. Pensions**

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

**13. Management Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

14. Total Governmental Fund Columns

In the accompanying financial statements, the “Total Governmental Funds” columns are not the equivalent of consolidated totals and do not represent consolidated financial information. These columns are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations, or cash flows in accordance with accounting principles generally accepted in the United States of America. Interfund eliminations have not been made in the aggregation of this data. However, the reconciliations to net position are reflective of interfund eliminations and reflect financial position.

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

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

1. Noncompliance with North Carolina General Statutes

None

2. Contractual Violations

None

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

None

C. Excess of Expenditures over Appropriations

None

**III. Detail Notes on All Funds**

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town’s agents in the unit’s name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer’s agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town’s agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2016, the Town's deposits had a carrying amount of \$5,135,353 and a bank balance of \$5,189,747. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2016, the Town's petty cash fund totaled \$400.

**2. Investments**

At June 30, 2016, the Town had \$4,923,302 invested with the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

**3. Capital Assets**

Capital asset activity for the Primary Government for the year ended June 30, 2016 was as follows:

	July 1, 2015	Additions	Retirements	Transfers	June 30, 2016
<b>Governmental activities:</b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 791,342	\$ -	\$ -	\$ -	\$ 791,342
Construction in Progress	425,824	160,169	-	-	585,993
Total capital assets not being depreciated	<u>1,217,166</u>	<u>160,169</u>	<u>-</u>	<u>-</u>	<u>1,377,335</u>
<b>Capital assets being depreciated:</b>					
Buildings and improvements	1,797,870	-	-	-	1,797,870
Land improvements	2,993,530	-	-	-	2,993,530
Equipment	114,141	87,472	-	17,046	218,659
Computers and software	177,476	45,720	-	(17,046)	206,150
Vehicles	590,109	131,582	-	-	721,691
Infrastructure	28,190,548	1,050,240	-	-	29,240,788
Total capital assets being depreciated	<u>33,863,674</u>	<u>1,315,014</u>	<u>-</u>	<u>-</u>	<u>35,178,688</u>
<b>Less accumulated depreciation:</b>					
Buildings and improvements	482,984	47,675	-	394	531,053
Land improvements	591,263	195,795	-	-	787,028
Equipment	102,092	22,637	-	190	124,919
Computers and software	133,780	10,566	-	(584)	143,762
Vehicles	403,983	85,625	-	-	489,608
Infrastructure	12,943,448	2,843,571	-	-	15,787,019
Total accumulated depreciation	<u>14,657,550</u>	<u>\$ 3,205,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>17,863,389</u>
Total capital assets being depreciated, net	<u>19,206,124</u>				<u>17,315,299</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 20,423,290</u>				<u>\$ 18,692,634</u>

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

Transportation	\$ 2,843,570
Cultural and recreational	205,042
Public safety	98,258
General government	<u>58,969</u>
Total depreciation expense	<u>\$ 3,205,839</u>

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

**Construction Commitments**

The Town has active construction projects as of June 30, 2016. At year-end, the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Potter/Pleasant Plains Improvement	\$ 325,299	\$ 1,674,701

**B. Liabilities**

**1. Accounts Payable – Disaggregate Information**

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 116,214	\$ 45,369	\$ 161,583
Other governmental	-	-	-
Total governmental activities	<u>\$ 116,214</u>	<u>\$ 45,369</u>	<u>\$ 161,583</u>
Business-type Activities:			
Stormwater	\$ 32,887	\$ -	\$ 32,887
Total business-type activities	<u>\$ 32,887</u>	<u>\$ -</u>	<u>\$ 32,887</u>

**2. Pension Plan Obligations**

**a. Local Governmental Employees' Retirement System**

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Stallings employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2016 was 7.15% of compensation for law enforcement officers and 6.94% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$126,958 for the year ended June 30, 2016.

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

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

At June 30, 2016, the Town reported a liability of \$142,761 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the Town's proportion was 0.032%, which was an increase of 0.001% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$64,360. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 33,557
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	40,644
Changes in proportion and differences between Town contributions and proportionate share of contributions	3,032	4,824
Town contributions subsequent to the measurement date	126,958	-
Total	<u>\$ 129,990</u>	<u>\$ 79,025</u>

\$129,991 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (48,176)
2018	(48,176)
2019	(48,109)
2020	68,470
2021	-
Thereafter	-

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	<u>100%</u>	

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town’s proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town’s proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Town’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Town’s proportionate share of the net pension liability (asset)	\$ 995,492	\$ 142,761	\$ (575,646)

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

**b. Law Enforcement Officers Special Separation Allowance**

*1. Plan Description*

The Town of Stallings administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.



**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance’s membership consisted of:

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

A separate report was not issued for the plan.

*2. Summary of Significant Accounting Policies*

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

*3. Contributions*

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.0% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include post-employment benefit increases.

*Annual Pension Cost and Net Pension Obligation.* The Town’s annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

Annual required contribution	\$59,269
Interest on net pension obligation	10,603
Adjustment to annual required contribution	<u>(18,635)</u>
Annual pension cost	51,237
Contributions made	<u>19,866</u>
Increase (decrease) in net pension obligation	31,371
Net pension obligation, beginning of year	<u>212,056</u>
Net pension obligation, end of year	<u>\$243,427</u>

Three Year Trend Information

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	37,898	52.42%	182,235
2015	49,687	39.98%	212,056
2016	51,237	38.77%	243,427

*4. Funded Status and Funding Progress*

As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$508,487. The covered payroll (annual payroll of active employees covered by the plan) was \$1,191,875, and the ratio of the UAAL to the covered payroll was 42.66 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description.* The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 were \$72,702, which consisted of \$35,728 from the Town and \$36,974 from the law enforcement officers. The Town has elected to contribute to the Supplemental Retirement Income Plan for non-law enforcement employees. Contributions for the year ended June 30, 2016 were \$54,843, which consisted of \$26,906 from the Town and \$27,937 from non-law enforcement employees.

*5. Other Employment Benefits*

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

For the fiscal year ended June 30, 2016, the Town made contributions to the State for death benefits of \$3,575. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.20% and 0.00% of covered payroll, respectively.

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

*6. Deferred Outflows and Inflows of Resources*

The Town has one deferred outflow of resources, comprised of the following:

	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 129,990

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

	<u>Amount</u>
Taxes receivable, net (General Fund)	\$ 45,646
Pension deferrals	79,025

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

*7. Risk Management*

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by Travelers. Through these pools, the Town has the following coverage:

General Liability	\$ 3,000,000
Business Auto	1,000,000
Workman's Compensation	Up to statutory limits

In addition, the pools cover property up to the total insurance values of the property policy. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are also reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. Specific information on the limits of reinsurance and excess policies purchased by the Town can be obtained by contacting the Public Sector Services department of The Travelers Companies, Inc. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial insurance for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three years. The Town also carries flood insurance through Travelers with a coverage amount of \$1,000,000 with a \$25,000 deductible.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000 with a \$500 deductible.

*8. Claims, Judgments and Contingent Liabilities*

At June 30, 2016, the Town was a defendant in no lawsuits.

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

*9. Long-Term Obligations*

a. Changes in Long-Term Liabilities

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Current Portion</u>
Governmental Activities:					
Net pension obligation (LEO)	\$ 212,056	\$ 31,371	\$ -	\$ 243,427	\$ 19,866
Compensated absences	123,009	158,894	123,009	158,894	158,894
Net pension liability (LGERS)	<u>-</u>	<u>142,761</u>	<u>-</u>	<u>142,761</u>	<u>-</u>
Total long-term liabilities	<u>\$ 335,065</u>	<u>\$ 333,026</u>	<u>\$ 123,009</u>	<u>\$ 545,082</u>	<u>\$ 178,760</u>

The LGERS plan had a net pension liability as of June 30, 2016; however, the plan had a net pension asset at the beginning of the fiscal year.

b. Interfund Balance and Activity

Balances due to/from other funds at June 30, 2016 consist of the following:

Due to (from) General Fund:

Storm Water Fund \$ 37,257

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

Transfers to/from other funds at June 30, 2016 consist of the following:

To/(From) the General Fund to:

Stallings Municipal Park Capital Project Fund \$ 517  
Potter/Pleasant Plains Capital Project Fund (30,045)

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

**D. Fund Balance**

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

Total Fund Balance - General Fund	\$ 9,435,636
Less:	
Prepaid Items	26,288
Law Enforcement Separation Allowance	243,427
Parks and Recreation	223,263
Stabilization by State Statute	285,214
Streets - Powell Bill	251,888
Drug Forfeiture Fund	394,306
Subsequent Year Expenditures	1,266,000
Minimum Fund Balance Policy	<u>2,211,600</u>
Remaining Fund Balance	<u>\$ 4,533,650</u>

The Town of Stallings has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 30% of budgeted expenditures. Any portion of the General Fund balance in excess of 30% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. As of June 30, 2016, the Town had no encumbrances.

**E. Summary Disclosure of Commitments**

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

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

**TOWN OF STALLINGS**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2016**

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

**F. Summary Disclosure of Significant Contingencies**

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

**G. Significant Effects of Subsequent Events**

Management has evaluated subsequent events through November 8, 2016, the date the financial statements were made available to be issued. No subsequent events of note occurred during this period





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### **Required Supplementary Financial Data**

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System



**Town of Stallings**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2005	-	\$118,758	\$118,758	0%	\$702,039	16.92%
12/31/2007	-	169,994	169,994	0%	828,542	20.52%
12/31/2008	-	209,562	209,562	0%	890,467	23.53%
12/31/2009	-	326,681	326,681	0%	961,866	33.96%
12/31/2011	-	368,802	368,802	0%	955,585	38.59%
12/31/2012	-	370,591	370,591	0%	976,960	37.93%
12/31/2013	-	427,690	427,690	0%	942,304	45.39%
12/31/2014	-	431,843	431,843	0%	1,032,659	41.82%
12/31/2015	-	508,487	508,487	0%	1,191,875	42.66%

Note: No actuarial valuation done in December 31, 2006 or December 31, 2010.

**Town of Stallings**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**Schedule of Employer Contributions**

Year Ending June 30	Annual Required Contribution	Percentage Contributed
2006	\$16,894	0%
2007	17,124	0%
2008	17,270	0%
2009	23,384	0%
2010	28,323	0%
2011	40,372	49.66%
2012	39,647	45.93%
2013	39,496	50.30%
2014	37,898	52.42%
2015	49,687	39.98%
2016	59,269	38.77%

**Notes to the Required Schedules**

The information presented in the required supplementary schedules was determined as part actuarial valuation as follows:

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market Value

Actuarial assumptions:

Investment rate of return	5.00%
Projected salary increases	4.25 – 7.85%
Includes inflation at	3.00%
Cost of living adjustments	N/A

**Town of Stallings**  
**Town of Stallings' Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Two Fiscal Years**

**Local Government Employees' Retirement System**

	2016	2015
Stallings' proportion of the net pension liability (asset) (%)	0.0318%	0.0309%
Stallings' proportion of the net pension liability (asset) (\$)	\$142,761	\$ (180,285)
Stallings' covered-employee payroll	\$ 1,800,823	\$1,692,841
Stallings' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.93%	(10.65%)
Plan fiduciary net position as a percentage of the total pension liability	98.09%	102.64%

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

**Local Government Employees' Retirement System**

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 126,958	\$ 124,306
Contributions in relation to the contractually required contribution	\$ 126,958	\$ 124,306
Contribution deficiency (excess)	<u>          -</u>	<u>          -</u>
Stallings' covered-employee payroll	\$1,800,823	\$1,692,841
Contributions as a percentage of covered-employee payroll	7.05%	7.34%

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## **Combining and Individual Fund Statements and Schedules**

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**Town of Stallings**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2016**

**Schedule 1**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes	\$ 3,621,500	\$ 3,706,429	
Penalties and interest	12,500	14,124	
Total	<u>3,634,000</u>	<u>3,720,553</u>	<u>\$ 86,553</u>
Other taxes and licenses:			
Gross receipts tax - vehicle rental	13,000	38,209	
Total	<u>13,000</u>	<u>38,209</u>	<u>25,209</u>
Unrestricted intergovernmental:			
Local option sales tax	970,000	999,184	
Utilities sales tax	750,000	913,032	
Beer and wine tax	65,000	66,552	
Total	<u>1,785,000</u>	<u>1,978,768</u>	<u>193,768</u>
Restricted intergovernmental:			
Powell Bill allocation	370,000	392,409	
Solid waste disposal tax	8,000	11,994	
Safe Routes to School Grant	80,000	80,000	
Police - drug forfeiture funds	15,000	412,348	
Dept. of Justice - bulletproof vest	-	3,756	
Governor's Crime Commission Grant	-	76,878	
Governor's Highway Safety Program Grant	6,000	12,780	
Transportation Grant	-	85,593	
Total	<u>479,000</u>	<u>1,075,758</u>	<u>596,758</u>
Permits and fees:			
Zoning fees	80,000	96,409	
Fees in Lieu of Park Land	45,000	41,745	
Civil citations	-	800	
Public safety fees	3,500	6,219	
Total	<u>128,500</u>	<u>145,173</u>	<u>16,673</u>
Sales and services:			
Rent	15,000	16,263	
Festival sales	4,000	4,058	
Total	<u>19,000</u>	<u>20,321</u>	<u>1,321</u>
Investment earnings	<u>9,000</u>	<u>17,298</u>	<u>8,298</u>
Miscellaneous:			
Park fees and contributions	-	1,420	
Insurance reimbursements	-	125	
Miscellaneous revenues	-	94,525	
Total	<u>-</u>	<u>96,070</u>	<u>96,070</u>
Total revenues	<u>6,067,500</u>	<u>7,092,150</u>	<u>1,024,650</u>

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

**Town of Stallings**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund (Continued)**  
**For the Fiscal Year Ended June 30, 2016**

**Schedule 1**  
**cont**

	Budget	Actual	Variance Positive (Negative)
<b>Expenditures:</b>			
General government:			
Governing body:			
Salaries - elected officials		39,185	
Administration:			
Salaries and employee benefits		535,918	
Operating expenditures		428,614	
Capital outlay		-	
Contracted services		147,499	
Total	1,180,700	1,151,216	29,484
Public safety:			
Police:			
Salaries and employee benefits		1,587,658	
Operating expenditures		242,307	
Contracted services		11,250	
Capital outlay		209,780	
Total	2,076,650	2,050,995	25,655
Transportation:			
Streets and highways:			
Salaries and employee benefits		105,799	
Operating expenditures		1,330,562	
Contracted services		58,154	
Capital outlay		-	
Total	1,938,112	1,494,515	443,597
Environmental protection:			
Contracted services	913,500	912,934	566
Economic and physical development:			
Salaries and employee benefits		106,502	
Operating expenditures		22,429	
Contracted services		64,920	
Total	197,600	193,851	3,749
Cultural and recreational:			
Salaries and employee benefits		160,655	
Operating expenditures		225,235	
Capital outlay		-	
Total	427,760	385,890	41,870

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

**Town of Stallings**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund (Continued)**  
**For the Fiscal Year Ended June 30, 2016**

**Schedule 1**  
**cont**

	Budget	Actual	Variance Positive (Negative)
Contingency	35,340	-	
Total	35,340	-	35,340
Total expenditures	6,769,662	6,189,401	580,261
Revenues over (under) expenditures	(702,162)	902,749	1,604,911
<b>Other financing sources (uses):</b>			
Transfer from General Fund	(200,000)	(29,528)	170,472
Total	(200,000)	(29,528)	170,472
Fund balance appropriated	902,162	-	(902,162)
Net change in fund balance	\$ -	873,221	\$ 873,221
Fund balances, beginning		8,562,415	
Fund balances, ending		\$ 9,435,636	

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

**Town of Stallings  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2016**

**Schedule 2**

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

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

**Town of Stallings**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2016**

**Schedule 3**

	<b>Stallings Municipal Park Capital Project Fund</b>	<b>Potter/Pleasant Plains Intersection Improvement Capital Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Contributions	\$ -	\$ -	\$ -
Restricted intergovernmental	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Cultural and recreational	-	-	-
Transportation	-	30,168	30,168
Total expenditures	<u>-</u>	<u>30,168</u>	<u>30,168</u>
Revenue over (under) expenditures	-	(30,168)	(30,168)
Other financing sources:			
Transfer from General Fund	-	30,045	29,528
Transfer to General Fund	(517)	-	(517)
Total other financing sources	<u>(517)</u>	<u>30,045</u>	<u>29,528</u>
Net change in fund balance	<u>(517)</u>	<u>(123)</u>	<u>(640)</u>
Fund balance, beginning	517	123	640
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**Town of Stallings**  
**Stallings Municipal Park Capital Project Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2016**

**Schedule 4**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Contributions	\$ -	\$ 3,750	\$ -	\$ 3,750	\$ 3,750
Restricted intergovernmental	138,000	-	-	-	(138,000)
Total Revenues	<u>138,000</u>	<u>3,750</u>	<u>-</u>	<u>3,750</u>	<u>(134,250)</u>
<b>Expenditures:</b>					
Cultural and recreation	3,163,336	2,850,902	-	2,850,902	312,434
Total Expenditures	<u>3,163,336</u>	<u>2,850,902</u>	<u>-</u>	<u>2,850,902</u>	<u>312,434</u>
Revenues over (under) expenditures	<u>(3,025,336)</u>	<u>(2,847,152)</u>	<u>-</u>	<u>(2,847,152)</u>	<u>178,184</u>
<b>Other financing sources:</b>					
Transfer from General Fund	3,025,336	2,847,669	(517)	2,847,152	(178,184)
Total other financing sources	<u>3,025,336</u>	<u>2,847,669</u>	<u>(517)</u>	<u>2,847,152</u>	<u>(178,184)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 517</u>	<u>\$ (517)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total fund balance:</b>					
Beginning of year, July 1			<u>517</u>		
End of year, June 30			<u>\$ -</u>		

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

**Town of Stallings**  
**Potter/Pleasant Plains Intersection Improvement - Capital Project Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2016**

Schedule 5

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
NC DOT Spot Safety Grant	\$ 829,000	\$ -	\$ -	\$ -	\$ (829,000)
Union County	300,000	-	-	-	(300,000)
Total Revenues	<u>1,129,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,129,000)</u>
Expenditures:					
Transportation	2,000,000	295,131	30,168	325,299	1,674,701
Total Expenditures	<u>2,000,000</u>	<u>295,131</u>	<u>30,168</u>	<u>325,299</u>	<u>1,674,701</u>
Revenues over (under) expenditures	<u>(871,000)</u>	<u>(295,131)</u>	<u>(30,168)</u>	<u>(325,299)</u>	<u>545,701</u>
Other financing sources:					
Transfer from General Fund	871,000	295,254	30,045	325,299	(545,701)
Total other financing sources	<u>871,000</u>	<u>295,254</u>	<u>30,045</u>	<u>325,299</u>	<u>(545,701)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 123</u>	(123)	<u>\$ -</u>	<u>\$ -</u>
Total fund balance:					
Beginning of year, July 1			<u>123</u>		
End of year, June 30			<u>\$ -</u>		

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

**Town of Stallings**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP) - Storm Water Fund**  
**For the Fiscal Year Ended June 30, 2016**

**Schedule 6**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Residential and commercial fees		\$ 481,394	
Total		481,394	
Non-operating revenues:			
Interest earnings		92	
Total revenues	\$ 467,000	481,486	\$ 14,486
Expenditures:			
Salaries and employee benefits		64,184	
Professional fees		20,445	
Other operating expenditures		303,754	
Total expenditures	467,000	388,383	78,617
Revenues over (under) expenditures	-	93,103	93,103
Fund balance appropriated	-	-	-
Expenditures over revenues	\$ -	93,103	\$ 93,103
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Total reconciling items		-	
Change in net position		\$ 93,103	

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



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## **Other Schedules**

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**Town of Stallings**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2016**

**Schedule 7**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2015</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2015</u>
2015-2016	\$ -	\$ 3,698,728	\$ 3,683,588	\$ 15,140
2014-2015	23,984	-	19,962	4,022
2013-2014	17,479	-	13,726	3,753
2012-2013	5,220	-	3,312	1,908
2011-2012	3,922	-	3,217	705
2010-2011	2,124	-	1,186	938
2009-2010	1,404	-	798	606
2008-2009	19,641	-	1,408	18,233
2007-2008	1,967	-	1,650	317
2006-2007	1,089	-	1,066	23
2005-2006	667	-	667	-
	<u>\$ 77,497</u>	<u>\$ 3,698,728</u>	<u>\$ 3,730,580</u>	<u>\$ 45,645</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 3,720,553
Amounts written off per Statute of Limitations	667
Refunds, releases of prior years' taxes	3,047
Interest and penalties collected	(14,124)
Adjustments	<u>20,437</u>
Total collections and credits	<u>\$ 3,730,580</u>

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

**Town of Stallings**  
**Analysis of Current Tax Levy**  
**Town-Wide Levy**  
**June 30, 2016**

**Schedule 8**

	Town-Wide Levy			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 1,583,767,659	\$ 0.215	\$ 3,303,217	\$ 3,303,217	\$ -
Registered motor vehicles taxed at prior year's rate	172,331,625	0.215	374,326	-	374,326
Total	1,756,099,284		3,677,543	3,303,217	374,326
Discoveries:					
Current year taxes	9,853,488	0.215	21,185	21,185	-
Total property valuation	\$ 1,765,952,772				
Net levy			3,698,728	3,324,402	374,326
Uncollected taxes at June 30, 2016			(15,140)	(13,954)	(1,186)
Current year's taxes collected			\$ 3,683,588	\$ 3,310,448	\$ 373,140
Current levy collection percentage			99.59%	99.58%	99.68%

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

# TOWN OF STALLINGS, NORTH CAROLINA

## STATISTICAL SECTION (UNAUDITED)

This part of the Town of Stallings Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the finance statements, note disclosures and required supplementary information says about the government's overall financial health.

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



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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Primary government										
Governmental Activities										
Net investment in capital assets	\$ 2,574,413	\$ 2,994,849	\$ 11,230,653	\$ 11,235,157	\$ 22,711,108	\$ 23,143,705	\$ 21,382,155	\$ 19,006,919	\$ 20,423,290	\$ 18,692,634
Restricted	421,605	715,551	607,519	-	560,270	544,028	399,027	649,079	635,132	931,408
Unrestricted	<u>3,923,902</u>	<u>5,514,173</u>	<u>6,121,014</u>	<u>6,382,005</u>	<u>6,550,545</u>	<u>4,958,937</u>	<u>5,511,994</u>	<u>6,598,559</u>	<u>7,529,109</u>	<u>8,072,675</u>
Total Net Position	6,919,920	9,224,573	17,959,186	17,617,162	29,821,923	28,646,670	27,293,176	26,254,557	28,587,531	27,696,717
Business-type Activities										
Net investment in capital assets	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>-</u>	<u>219,776</u>	<u>322,094</u>	<u>153,038</u>	<u>299,734</u>	<u>322,191</u>	<u>393,880</u>	<u>299,429</u>	<u>606,727</u>	<u>699,830</u>
Total Net Position	-	219,776	322,094	153,038	299,734	322,191	393,880	299,429	606,727	699,830
 Total primary government net position	 <u>\$ 6,919,920</u>	 <u>\$ 9,444,349</u>	 <u>\$ 18,281,280</u>	 <u>\$ 17,770,200</u>	 <u>\$ 30,121,657</u>	 <u>\$ 28,968,861</u>	 <u>\$ 27,687,056</u>	 <u>\$ 26,553,986</u>	 <u>\$ 29,194,258</u>	 <u>\$ 28,396,547</u>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<i>Governmental activities:</i>										
General government	\$ 847,559	\$ 994,090	\$ 896,573	\$ 970,323	\$ 923,909	\$ 934,876	\$ 424,898	\$ 952,887	\$ 977,476	\$ 1,089,163
Public safety	1,499,597	1,744,131	1,913,001	1,940,871	1,791,967	1,787,983	2,001,411	1,886,133	1,859,414	2,046,085
Economic and physical development	199,286	255,949	236,659	210,325	253,791	225,086	219,862	227,831	139,329	195,538
Environmental protection	759,589	912,023	997,212	998,198	1,010,447	808,458	832,879	859,831	903,601	912,934
Cultural and recreation	55,354	68,918	96,811	140,266	138,438	120,499	776,752	509,513	479,700	564,240
Transportation	117,130	179,829	352,900	1,204,617	2,317,123	2,774,386	2,954,697	2,836,426	2,696,181	3,160,071
Interest on long term debt	-	-	42,452	38,937	36,066	23,123	1,218	-	-	-
<i>Business-type activities:</i>										
Stormwater	-	39,427	113,243	392,876	81,008	212,827	164,700	331,544	167,320	388,383
Total primary government expenses	3,478,515	4,194,367	4,648,851	5,896,413	6,552,749	6,887,238	\$ 7,376,417	\$ 7,604,165	\$ 7,223,021	\$ 8,356,414
<b>Program Revenues</b>										
<i>Governmental activities:</i>										
<i>Charges for services:</i>										
General government	99,726	21,252	1,625	-	-	-	-	1,200	1,100	800
Public safety	-	-	4,403	5,037	3,217	6,561	8,693	6,515	5,429	6,219
Economic and physical development	41,563	187,142	21,288	19,114	13,541	21,508	31,499	41,820	82,049	96,409
Environmental protection	-	-	-	-	-	1,003	-	-	-	-
Cultural and recreation	5,400	4,950	-	4,111	2,505	-	17,634	151,872	75,390	62,066
<i>Business-type activities:</i>										
Stormwater	-	259,043	214,101	223,549	227,489	235,087	236,244	236,949	474,505	481,394
<i>Operating grants and contributions:</i>										
General government	-	-	-	-	-	-	-	-	-	-
Public safety	89,657	48,661	-	25,520	2,473	973	63,962	156,468	29,827	505,762
Economic and physical development	-	-	-	-	-	9,009	8,012	-	-	-
Environmental protection	-	-	-	-	-	-	-	8,086	8,068	11,994
Cultural and recreation	32,964	19,239	-	-	-	-	-	-	-	-
Transportation	262,325	356,859	-	-	-	347,052	360,731	368,285	375,211	558,002
Interest on long term debt	-	-	-	-	294,922	-	-	-	-	-
<i>Capital grants and contributions:</i>										
General government	5,000	563,147	-	-	-	-	-	-	-	-
Cultural and recreation	-	-	5,094	-	-	-	3,750	-	-	-
Public works	-	-	23,562	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	6,200	46,701	-
Transportation	-	-	8,304,534	292,559	-	-	94,919	35,774	3,371,018	-
Total governmental activities program revenues	536,635	1,460,293	8,574,607	569,890	544,147	621,193	825,444	1,013,169	4,469,298	1,722,646
<b>Net (expense)/revenue</b>										
Total governmental activities net (expense)/revenue	(2,941,880)	(2,734,074)	3,925,756	(5,326,523)	(6,008,602)	(6,266,045)	(6,550,973)	(6,590,996)	(2,753,723)	(6,633,768)



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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>General Revenues and Other Changes</b>										
<b>in Net Position</b>										
<i>Governmental activities:</i>										
<i>Taxes:</i>										
Property taxes	2,369,269	3,062,258	3,416,810	3,374,941	3,452,532	3,504,671	3,534,525	3,677,957	3,697,772	3,705,616
Motor vehicle taxes	260,150	303,498	-	-	-	-	-	-	-	-
Other taxes and licenses	1,490,985	1,573,984	1,454,018	1,402,629	1,512,423	1,609,637	1,673,985	1,734,024	1,912,084	2,016,977
Unrestricted intergovernmental revenues	-	-	-	-	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	-	13,298,648	-	-	-	-	-
Unrestricted investment earnings	165,935	190,450	113,196	26,689	22,126	13,269	10,320	8,587	7,348	15,849
Restricted investment earnings	16,689	27,086	15,677	1,595	907	1,611	450	41	122	1,541
Miscellaneous	23,432	101,217	21,496	9,589	73,423	12,036	47,571	37,317	36,629	35,824
Gsin / Loss on sale of capital assets	-	-	(110,012)	-	-	(27,975)	2,317	-	(4,100)	60,250
Total governmental activities general revenues	<u>4,326,460</u>	<u>5,258,493</u>	<u>4,911,185</u>	<u>4,815,443</u>	<u>18,360,059</u>	<u>5,113,249</u>	<u>5,269,168</u>	<u>5,457,926</u>	<u>5,649,855</u>	<u>5,836,057</u>
<b>Change in Net Position</b>										
Governmental activities	1,384,580	2,524,419	8,836,941	(511,080)	12,351,457	(1,152,796)	(1,281,805)	(1,133,070)	2,896,132	(797,711)
Net position-beginning	5,535,340	6,919,920	9,444,339	18,281,280	17,770,200	30,121,657	28,968,861	27,687,056	26,553,986	29,194,258
Prior period adjustment	-	-	-	-	-	-	-	-	(255,860)	-
Net position-ending	<u>\$ 6,919,920</u>	<u>\$ 9,444,339</u>	<u>\$ 18,281,280</u>	<u>\$ 17,770,200</u>	<u>\$ 30,121,657</u>	<u>\$ 28,968,861</u>	<u>\$ 27,687,056</u>	<u>\$ 26,553,986</u>	<u>\$ 29,194,258</u>	<u>\$ 28,396,547</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>General Fund</b>										
<i>Non-spendable</i>										
Prepays	\$ -	\$ -	\$ -	\$ -	\$ 19,275	\$ 17,624	\$ 196	\$ 754	\$ 135,406	\$ 26,288
<i>Restricted</i>										
Stabilization by State Statute	349,236	327,829	313,671	248,271	227,547	195,700	228,966	211,796	249,413	285,214
Streets - Powell Bill	421,605	715,551	607,519	-	189,356	348,328	170,061	373,424	320,121	251,888
Drug Forfeiture	-	-	-	-	-	-	-	63,859	65,598	394,306
<i>Committed</i>										
Law Enforcement Separation Allowance	-	-	74,672	102,995	143,367	144,573	164,203	182,235	212,056	243,427
Parks and Recreation	-	-	-	-	-	-	68,200	122,605	129,881	223,263
<i>Assigned</i>										
Designated for subsequent year's expenditures	7,814	530,100	500,000	-	507,300	494,243	1,239,200	1,615,000	200,000	1,266,000
Minimum fund balance requirement	-	-	-	-	-	-	-	-	-	2,211,600
<i>Unassigned</i>										
Designated for parks improvements	-	-	108,253	108,360	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	108,360	-	-	-	-	-
Unassigned	3,604,397	4,753,177	5,224,493	4,583,365	4,772,512	4,649,187	4,253,239	4,925,945	7,249,940	4,533,650
Total General Fund	<u>\$ 4,383,052</u>	<u>\$ 6,326,657</u>	<u>\$ 6,828,608</u>	<u>\$ 5,042,991</u>	<u>\$ 5,967,717</u>	<u>\$ 5,849,655</u>	<u>\$ 6,124,065</u>	<u>\$ 7,495,618</u>	<u>\$ 8,562,415</u>	<u>\$ 9,435,636</u>
<b>All Other Governmental Funds</b>										
<i>Reserved for:</i>										
Capital projects	-	-	-	1,500,000	1,309,281	(165,907)	-	(28,340)	640	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>\$ 1,309,281</u>	<u>\$ (165,907)</u>	<u>\$ -</u>	<u>\$ (28,340)</u>	<u>\$ 640</u>	<u>\$ -</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenues</b>										
Ad valorem taxes	\$ 2,636,468	\$ 3,367,371	\$ 3,395,939	\$ 3,388,432	\$ 3,448,134	\$ 3,499,611	\$ 3,544,630	\$ 3,672,033	\$ 3,695,103	\$ 3,720,553
Other taxes and licenses	1,044,850	1,017,318	997,311	797,567	807,645	892,407	934,963	74,281	80,587	38,209
Unrestricted intergovernmental	433,787	549,188	453,297	596,662	696,450	717,230	739,022	1,659,743	1,831,497	1,978,768
Restricted intergovernmental	399,589	438,677	329,013	326,479	305,723	357,034	432,705	532,839	459,807	1,075,758
Permits and fees	141,289	58,394	23,651	19,270	22,692	28,069	40,192	179,440	140,191	145,173
Rental income	5,400	4,950	-	-	-	-	-	-	-	-
Fees in lieu of park land	-	-	-	-	-	-	-	-	-	-
Sales and services	-	141,000	1,625	4,111	-	-	-	21,967	23,777	20,321
Investment earnings	182,624	217,386	127,403	28,013	22,818	14,683	10,625	8,484	7,357	17,298
Miscellaneous	17,753	176,624	23,536	14,470	70,904	35,563	71,272	37,317	36,629	96,070
Total revenues	<u>4,861,760</u>	<u>5,970,908</u>	<u>5,351,775</u>	<u>5,175,004</u>	<u>5,374,366</u>	<u>5,544,597</u>	<u>5,773,409</u>	<u>6,186,104</u>	<u>6,274,948</u>	<u>7,092,150</u>
<b>Expenditures</b>										
General government	615,361	722,418	889,062	873,937	850,471	849,474	825,843	907,226	944,540	1,151,216
Public safety	1,406,455	1,499,152	1,868,400	1,880,314	1,716,498	1,826,922	1,976,086	1,876,787	1,926,030	2,050,995
Transportation	230,685	179,129	661,194	1,200,788	345,731	396,646	823,553	639,084	775,558	1,524,683
Environmental protection	782,369	937,240	997,212	998,198	1,010,447	808,458	832,879	859,831	903,601	912,934
Economic and physical development	228,673	262,349	236,659	210,325	253,791	225,086	219,862	227,831	146,378	193,851
Culture and recreation	76,148	61,856	89,411	168,954	306,402	2,187,083	633,693	332,132	483,064	385,890
<i>Debt service:</i>										
Principal	96,800	96,800	195,893	172,776	180,900	821,055	19,958	-	-	-
Interest	45,542	41,970	42,452	38,937	36,066	23,123	1,218	-	-	-
<i>Capital outlay:</i>										
General government	25,274	64,504	-	-	-	-	-	-	-	-
Public safety	316,163	140,594	-	-	-	-	-	-	-	-
Culture and recreation	-	56,630	-	-	-	-	-	-	-	-
Total expenditures	<u>3,823,470</u>	<u>4,062,642</u>	<u>4,980,283</u>	<u>5,544,229</u>	<u>4,700,306</u>	<u>7,137,847</u>	<u>5,333,092</u>	<u>4,842,891</u>	<u>5,179,171</u>	<u>6,219,569</u>
Excess of revenues over (under) expenditures	1,038,290	1,908,266	371,492	(369,225)	674,060	(1,593,250)	440,317	1,343,213	1,095,777	872,581
<b>Other financing sources (uses)</b>										
Debt issued, capitalized leases	149,034	35,339	109,612	83,608	59,947	-	-	-	-	-
Sale of capital assets	-	-	20,847	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>149,034</u>	<u>35,339</u>	<u>130,459</u>	<u>83,608</u>	<u>59,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,187,324</u>	<u>\$ 1,943,605</u>	<u>\$ 501,951</u>	<u>\$ (285,617)</u>	<u>\$ 734,007</u>	<u>\$ (1,593,250)</u>	<u>\$ 440,317</u>	<u>\$ 1,343,213</u>	<u>\$ 1,095,777</u>	<u>\$ 872,581</u>
Debt services as a percentage of noncapital expenditures	<u>4.1%</u>	<u>3.7%</u>	<u>4.8%</u>	<u>3.8%</u>	<u>4.6%</u>	<u>11.8%</u>	<u>0.4%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

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

<b>Calendar Year Ended December 31</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Companies (2)</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
<i>Combined Union and Mecklenburg County Totals</i>					
2007	1,158,198,571	59,490,071	6,520,849	1,224,209,491	0.2500
2008	1,361,421,091	68,094,530	8,080,946	1,437,596,567	0.2190
2009	1,380,405,576	70,227,144	8,113,821	1,458,746,541	0.2150
2010	1,405,041,901	69,395,844	8,867,905	1,483,305,650	0.2150
2011	1,420,233,443	68,392,611	9,291,869	1,497,917,923	0.2150
2012	1,430,399,526	65,767,483	9,427,663	1,505,594,672	0.2150
2013	1,437,925,845	66,954,124	9,348,114	1,514,228,083	0.2150
2014	1,461,793,251	84,742,220	9,463,114	1,555,998,585	0.2150
2015	1,455,088,200	80,208,105	13,627,783	1,548,924,088	0.2150
2016	1,505,084,970	91,999,249	13,414,089	1,610,498,308	0.2150
<i>Mecklenburg County Properties only (First Annexation effective 12/31/2006)</i>					
2007	27,875,126	43,370	-	27,918,496	0.2500
2008	27,875,126	61,852	-	27,936,978	0.2190
2009	27,663,426	39,260	-	27,702,686	0.2150
2010	27,786,068	39,260	-	27,825,328	0.2150
2011	31,244,545	-	-	31,244,545	0.2150
2012	31,653,095	4,958	-	31,658,053	0.2150
2013	32,038,245	23,618	-	32,061,863	0.2150
2014	32,056,645	26,128	-	32,082,773	0.2150
2015	31,965,739	43,787	-	32,009,526	0.2150
2016	31,817,639	70,883	-	31,888,522	0.2150

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

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Mecklenburg County	\$ 0.8189	\$ 0.8387	\$ 0.8387	\$ 0.8387	\$ 0.8387	\$ 0.8166	\$ 0.7922	\$ 0.8157	\$ 0.8157	\$ 0.8157
Union County	\$ 0.6367	\$ 0.7111	\$ 0.6650	\$ 0.6650	\$ 0.6650	\$ 0.6650	\$ 0.6600	\$ 0.6600	\$ 0.7614	\$ 0.7765
Municipality Rates:										
Town of Stallings	0.2500	0.2190	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150

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

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

		Fiscal Year 2016			Fiscal Year 2007		
		Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
<u>Taxpayer</u>	<u>Type of Business</u>	<u>Value</u>	<u>Rank</u>	<u>Value</u>	<u>Value</u>	<u>Rank</u>	<u>Value</u>
AEP Industries Inc	Manufacturer	37,818,069	1	2.35%	26,558,880	1	2.17%
T&C of NC LLC	Automotive Showroom	13,001,800	2	0.81%	-	-	-
Idlewild Phase 1 Retail Investors LLC	Retail/Shopping Center	9,905,700	3	0.62%	5,666,020	4	0.46%
McGee Corporation	Corporate Headquarters	9,015,383	4	0.56%	6,416,530	3	0.52%
Triangle Prop Assoc LLC Et Al	Retail/Shopping Center	9,000,000	5	0.56%	6,672,420	2	0.55%
Keywell Metals LLC	Manufacturer	8,947,500	6	0.56%	-	-	-
Sovran Acquisition Limited	Storage Facility	4,917,000	7	0.31%	-	-	-
CT-Idlewild LLC	Retail/Shopping Center	4,912,800	8	0.31%	-	-	-
CEM Limited LLC	Corporate Headquarters	4,616,200	9	0.29%	5,420,730	5	0.44%
Interchange X LLC	Storage Facility	4,232,700	10	0.26%	3,956,890	7	0.32%
Wright Ronald D & Wife Toni M	Retail Development	-	-	-	5,139,330	6	0.42%
Potter Square Associates Ltd	Retail/Shopping Center	-	-	-	3,626,320	8	0.30%
Mak Corporation of Monroe	Hotel	-	-	-	3,574,510	9	0.29%
Intown Suites Independence Blvd Inc	Hotel	-	-	-	2,953,350	10	0.24%
Total		\$ 106,367,152		6.60%	\$ 69,984,980		5.72%

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

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

<b>Fiscal Year Ended June 30</b>	<b>Total Levy for Fiscal Year (Original Year)</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Original Levy</b>		<b>Amount</b>	<b>Percentage of Adjusted Levy</b>
2007	2,611,510	2,568,917	98.37%	42,377	2,611,294	99.99%
2008	3,335,253	3,281,376	98.38%	52,557	3,333,933	99.96%
2009	3,434,692	3,367,109	98.03%	45,091	3,412,200	99.35%
2010	3,376,967	3,344,100	99.03%	32,261	3,376,361	99.98%
2011	3,454,918	3,412,169	98.76%	41,811	3,453,980	99.97%
2012	3,496,478	3,452,016	98.73%	43,957	3,495,973	99.99%
2013	3,535,481	3,503,286	99.09%	30,828	3,534,114	99.96%
2014	3,658,098	3,623,590	99.06%	30,755	3,654,345	99.90%
2015	3,688,886	3,664,902	99.35%	19,962	3,684,864	99.89%
2016	3,698,728	3,683,588	99.59%	-	3,683,588	99.59%

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Percentage of Estimated Actual Taxable Value of Property (2)</b>	<b>Per Capita (1)</b>	<b>Percentage of Personal Income</b>
2007	-	0.00%	-	-
2008	-	0.00%	-	-
2009	-	0.00%	-	-
2010	-	0.00%	-	-
2011	-	0.00%	-	-
2012	-	0.00%	-	-
2013	-	0.00%	-	-
2014	-	0.00%	-	-
2015	-	0.00%	-	-
2016	-	0.00%	-	-

Note: The Town of Stallings has never issued General Obligation Bonds.

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



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

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Total Primary Government</b>	<b>Per Capita</b>	<b>Percentage of Per Capita Income</b>
	<b>Capital Leases</b>	<b>Notes Payable/ Installment Purchase</b>			
2007	122,525	1,161,600	1,284,125	113	0.46%
2008	72,616	1,064,800	1,137,416	92	0.37%
2009	83,135	968,000	1,051,135	85	0.34%
2010	90,767	871,200	961,967	70	0.28%
2011	66,614	774,400	841,014	59	0.24%
2012	19,959	-	19,959	1	0.01%
2013	-	-	-	-	0.00%
2014	-	-	-	-	0.00%
2015	-	-	-	-	0.00%
2016	-	-	-	-	0.00%

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

**TOWN OF STALLINGS, NORTH CAROLINA**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2016**

<u>Governmental Unit</u>	<u>Debt Outstanding (a)</u>	<u>Estimated Percentage Applicable (b)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<i>Towns:</i>			
Stallings (1)	\$ -	100.00%	\$ -
<i>Counties:</i>			
Union County (2)	395,244,929	6.63%	26,219,404
Mecklenburg County (3)	<u>1,557,491,932</u>	0.03%	<u>418,653</u>
Total direct and overlapping debt	<u>\$ 1,952,736,861</u>		<u>\$ 26,638,056</u>

Sources:

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

Note:

- (a) Includes governmental activities debt only
- (b) Determined by ratio of assessed value of taxable property in the Town of Stallings (\$1,578,609,786) and Union County (\$23,796,785,000).  
Determined by ratio of assessed value of taxable property in the Town of Stallings (\$31,888,522) and Mecklenburg County (\$118,633,244,751).
- (c) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Name of Government. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Assessed Value of Property	\$ 1,044,603,839	\$ 1,334,101,306	\$ 1,373,876,800	\$ 1,570,682,326	\$ 1,606,937,321	\$ 1,626,361,860	\$ 1,644,409,767	\$ 1,701,440,931	\$ 1,715,760,925	\$ 1,765,952,773
Debt Limit, 8% of Assessed value (Statutory Limitation)	83,568,307	106,728,104	109,910,144	125,654,586	128,554,986	130,108,949	131,552,781	136,115,274	137,260,874	134,973,749
Debt applicable to debt limitations:										
Capital Leases	122,525	72,616	83,135	90,767	66,614	19,959	-	-	-	-
Notes Payable/Installment Purchases	1,161,600	1,064,800	968,000	871,200	774,400	-	-	-	-	-
Statutory Deductions	122,525	72,616	83,135	90,767	66,614	19,959	-	-	-	-
Total debt applicable to limitations	1,161,600	1,064,800	968,000	871,200	774,400	-	-	-	-	-
Legal debt limit	82,284,182	105,590,688	108,859,009	124,692,619	127,713,972	130,088,990	131,552,781	136,115,274	137,260,874	134,973,749
Total net debt applicable to the limit as a percentage of debt limit	<u>1.39%</u>	<u>1.00%</u>	<u>0.88%</u>	<u>0.69%</u>	<u>0.60%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

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

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

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Total Personal Income</b>	<b>Per Capita Personal Income (2)</b>	<b>Public School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>	<b>Town Median Family Income</b>	<b>Median Age</b>
2007	11,331	6,761,341	36,591	-	4.2%	43,513	-
2008	12,346	7,095,814	36,637	-	5.5%	42,930	36.8
2009	12,430	6,852,783	34,517	641	11.0%	41,906	36.8
2010	13,831	7,024,489	34,745	619	10.1%	43,830	37.2
2011	14,224	7,517,483	36,601	647	9.6%	45,206	37.3
2012	14,396	8,262,010	39,646	648	8.6%	41,553	37.5
2013	14,472	8,383,516	39,415	593	8.0%	46,337	37.6
2014	14,968	8,997,563	41,166	590	6.2%	46,784	37.7
2015	14,777	-	-	579	5.3%	-	38.2
2016	15,270	-	32,843	571	5.2%	77,374	41.3

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

1 North Carolina State Demographic Unit

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

3 Stallings only has one elementary school located in the municipality. Enrollment gathered from Union County Public School website

4 North Carolina Employment Security Commission - based on Union County data

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

	<u>2016</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
AEP Industries	320	1	23.53%	-	-	0.00%
Scott Clark Toyota	271	2	19.93%	-	-	0.00%
CEM Corporation	187	3	13.75%	-	-	0.00%
McGee Corporation	108	4	7.94%	-	-	0.00%
Mario's Italian Restaurant & John's Place	100	5	7.35%	-	-	0.00%
Harris Teeter - Idlewild	94	6	6.91%	-	-	0.00%
Harris Teeter - Stevens Mill	77	7	5.66%	-	-	0.00%
International Construction Equipment	75	8	5.51%	-	-	0.00%
Stallings Elementary School	70	9	5.15%	-	-	0.00%
Grand Asia Market	58	10	4.26%	-	-	0.00%

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Function</b>										
General government	12	13	11	12	12	12	11	11	10	12
Public safety	21	21	25	24	23	25	25	25	25	25
Cultural and recreation	-	-	1	1	1	2	3	4	4	3
Total	<u>33</u>	<u>34</u>	<u>37</u>	<u>37</u>	<u>36</u>	<u>39</u>	<u>39</u>	<u>40</u>	<u>39</u>	<u>40</u>

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

Source: Human Resource/Payroll

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Parks and recreation</b>										
Park facility	1	1	1	2	2	2	2	2	2	2
Park acreage	9.3	9.3	9.3	33.5	33.5	33.5	33.5	33.5	33.5	33.5
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Sworn officers	20	20	21	21	21	21	22	22	22	20
Civilians - Full-time	2	2	2	2	3	3	3	3	3	3
Patrol vehicles - marked	17	18	18	18	18	18	18	19	20	21
Patrol vehicles - unmarked	4	4	5	5	6	6	6	6	5	5
<b>Public Works</b>										
Town - maintained streets	24	26	34	34	44	44	44	44	51	51
Sidewalks	-	-	-	-	-	-	-	18	19	20

Sources: Asset records for departments of the Town

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

<b>Functional Area</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>General Government</b>										
Tax collection rate	99.00%	99.02%	98.45%	99.48%	99.17%	99.12%	99.47%	99.10%	99.28%	99.58%
<b>Culture and Recreation</b>										
Attendance at all events/programs/classes	650	885	700	2,085	1,225	7,595	7,400	5,965	8,835	11,345
Total of events/programs/classes	3	8	5	8	4	11	17	21	14	49
<b>Public Safety</b>										
Calls for service	-	-	10,215	8,810	8,721	12,506	11,622	12,371	12,836	11,402
Arrests	-	-	262	307	326	374	341	307	232	198
Citations Issued	-	-	1,897	2,185	1,808	3,396	2,458	2,183	1,737	1,447
Community/Proactive Events	-	-	-	-	-	18,223	19,553	21,164	21,821	23,929
<b>Public Works</b>										
Miles of Streets/Sidewalks										
Town-maintained	24	26	34	34	44	44	44	44	51	51
Sidewalks	-	-	-	-	-	-	-	18	19	20
<b>Economic and Physical Development</b>										
Zoning Permit Activity	553	411	291	300	236	230	225	358	325	306

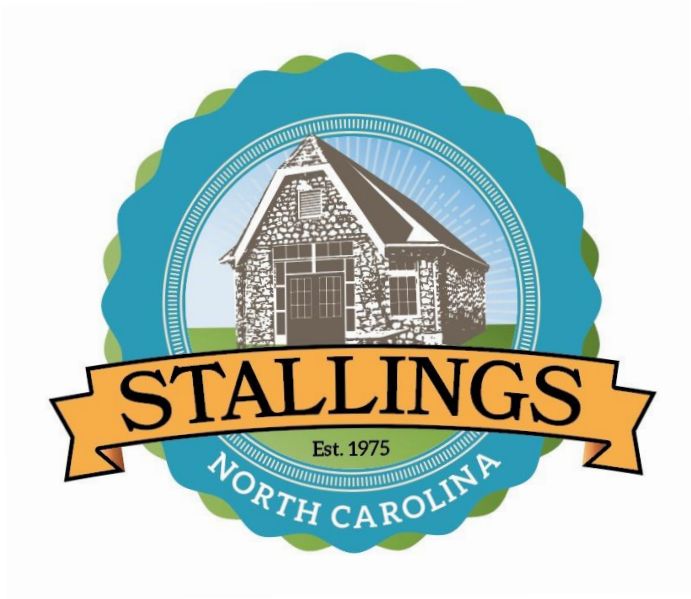
Sources: Annual reports from various departments of the Town



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## **Compliance Section**

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

**Independent Auditors' Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stallings, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statement, which collectively comprises the Town of Stallings' basic financial statements, and have issued our report thereon dated November 8, 2016.

Internal Control Over Financial Reporting

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

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

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

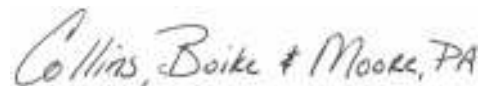
not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Stallings' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of this Report

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



Monroe, North Carolina  
November 8, 2016

**Report On Compliance With Requirements Applicable To Each Major State Program And  
Internal Control Over Compliance In Accordance With The Uniform Guidance And The  
State Single Audit Implementation Act**

**Independent Auditors' Report**

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

**Report on Compliance for Each Major State Program**

We have audited the Town of Stallings, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Stallings' major state programs for the year ended June 30, 2016. The Town of Stallings' major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grant applicable to its state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town of Stallings' major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Stallings' compliance with those

requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides us a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Stallings' compliance.

### **Opinion on Each Major State Program**

In our opinion, the Town of Stallings complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of the Town of Stallings is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Stallings' internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Collins, Boike & Moore, PA*

Monroe, North Carolina  
November 8, 2016

**TOWN OF STALLINGS  
SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**1. Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

Non-compliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

State Awards

Internal control over major state programs:

- Material weaknesses identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

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

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

Identification of major state programs:

Powell Bill

**2. Findings Related to the Audit of the Basic Financial Statements**

None

**3. Findings, Responses, and Questioned Costs Related to the Audit of State Awards**

The audit did not detect any findings or questioned costs as it relates to state awards.



**TOWN OF STALLINGS  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016**

None

**Town of Stallings**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2016**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Federal (Direct and Pass-Through) Expenditures</b>	<b>State Expenditures</b>	<b>Local Expenditures</b>
<b>Federal Awards:</b>				
<u>US Department of Transportation</u>				
Passed-through the NC Department of Transportation				
Highway Planning and Construction				
Safe Routes to School Grant	20.205	\$ 69,100	\$ -	\$ 140,391
State and Community Highway Safety				
Governor's Highway Safety Program	20.600	12,780	-	12,780
<u>US Department of Justice</u>				
Passed-through the NC Department of Public Safety				
Governor's Crime Commission				
Edward Byrne Memorial Justice Assistance Grant Program - 2012	16.738	2,863	-	-
Edward Byrne Memorial Justice Assistance Grant Program - 2014	16.738	59,705	-	-
Edward Byrne Memorial Justice Assistance Grant Program - 2015	16.738	14,310	-	-
		76,878	-	-
JAG Program:				
Bulletproof Vest Partnership	16.607	2,381	-	-
Total Assistance - Federal Programs		161,139	-	153,171
<b>State Grants:</b>				
<u>N.C. Department of Transportation</u>				
Powell Bill	n/a	-	523,090	-
Highway Construction Program	n/a	-	125,613	-
Total Assistance - State Programs		-	648,703	-
Total Federal and State Assistance		\$ 161,139	\$ 648,703	\$ 153,171

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

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of the Town of Stallings under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Stallings, it is not intended to and does not present the financial position,

**2. Summary of Significant Accounting Policies**

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





Comprehensive Annual Financial Report  
Fiscal Year Ended on June 30, 2016