

Town of **Stallings**

North Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

> Prepared By Finance Team



List of Principal Elected Officials Fiscal Year Ended June 30, 2018

Town Council

Wyatt Dunn - Mayor

David Scholl - Mayor Pro Tempore

Kathy Heyse

John Martin

Linda Paxton

Deborah Romanow

Shawna Steele



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INTRODUCTORY SECTION

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- Appointed and Administrative Positions
- Boards and Committees
- Area Map
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Stallings

315 Stallings Road - Stallings, North Carolina 28104

October 8, 2018

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, 2018. The CAFR consists of financial statements and supplemental statements. State law requires that each local governmental unit have its accounts audited by an independent certified public accountant. The Town's audit was conducted by Collins, Boike & Moore, P.A., CPAs. The firm's unmodified opinion on the statements is included in the Financial Section of this report. As required by accounting standards, the financial statements are management's representation of the Town's finances, and management assumes full responsibility for the completeness and reliability of all the information presented. To provide a reasonable basis for making these representations, management has established an internal control framework to protect the Town's assets from theft, fraud, or misuse. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

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

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

PROFILE OF THE GOVERNMENT

The Town covers an area of 8.09 square miles and runs along the border between Union and Mecklenburg county. The vast majority of the Town is in Union County, with 110 additional parcels located in Mecklenburg County. Interstate 485, a highway loop encircling Charlotte, has four interchanges on the Town's western border. U.S. Route 74, which runs from Chattanooga, Tennessee to the Atlantic Ocean, bisects the Town.

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

The Town Manager is the chief administrator of the Town's employees. The Manager is appointed by the Council and serves at their pleasure under a mutually agreed-upon contract. Responsibilities of the position include supervising all departments, ensuring that all Council directives are executed, creating the annual budget, representing the Town in dealings with outside service providers, public agencies and our citizens as well as overseeing the performance of all 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 functions, 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, due primarily to the ever-increasing size of Charlotte. Developments evolved in all directions, and the population of Stallings rose

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

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

Stallings Municipal Park underwent a complete renovation from 2011 to 2013. The Town's first interactive water feature quickly turned into the highlight of the park. Since these additions, the Town 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 in the Park event, concerts in the park, Easter egg hunts, movies and Earth Day. They have also expanded the number of programs this year to include nature education, yoga, pickle ball, tennis camp, star gazing, fitness camps and summer programs for children.

ECONOMIC CONDITION

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

One complication of this growth is the addition of a U.S. Route 74 Monroe Bypass. The Bypass runs directly through the Town along the existing U.S. Route 74 and Stallings Road. Construction of the Bypass began in 2017 with a completion date in November 2018. The Town is now faced with the prospect of revitalizing U.S. Route 74 and develop the newly created roadway which has seen an exodus of business development over the past years until recently where it has now sparked the interests of many developers for shopping centers and industrials parks.

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

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

LONG-TERM PLANNING

As a result of the Town's growth and central location to major highways (U.S. Route 74 and Interstate 485), the Council approved the development of several small area plans for main roads in our town that connect Stallings to these highways and other growing areas. These plans include Idlewild Road Corridor, Stallings Elementary School Node, Monroe Bypass Corridor, Old Monroe Road/Downtown Development plan, and Chestnut Lane Corridor. These plans will be used as a tool to work with developers and shape our community in the coming years.

The Town has also invested in the development of our parks and green space with the approval of the Stallings Park Master plan and Stallings Greenway plan which will add to our existing parks and pedestrian areas.

ACKNOWLEDGEMENTS

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

The Town of Stallings prepared and submitted comprehensive annual reports for the fiscal years ended June 30, 2015; June 30, 2016 and June 30, 2017. All three reports were awarded a Certificate of Achievement for Excellence in Financial Reporting. The town intends to continue to update, improve, and submit CAFRs for eligibility.

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

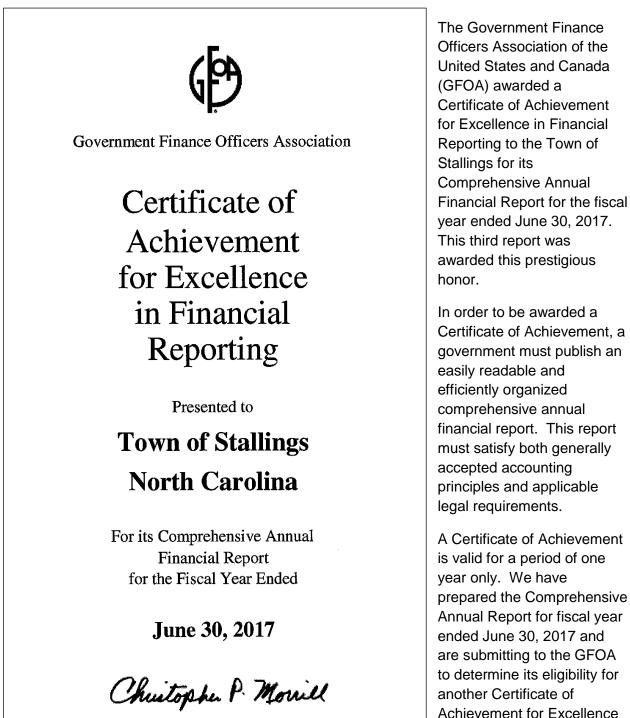
Respectfully submitted,

Alex Sewell Town Manager

Maiha & Guns

Marsha A. Gross Finance Officer

CERTIFICATE OF ACHIEVEMENT



Executive Director/CEO

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in Financial Reporting.

APPOINTED AND ADMINISTRATIVE POSITIONS

Alex Sewell Town Manager (2/2018)

Erinn Nichols	Interim Town Manager (9/2017-2/2018) Deputy Town Manager/Town Clerk
Marsha Gross	Finance Officer
Karen Williams	Administration/Human Resources
Christopher Easterly	Engineering/Public Works
Lynne Hair	Town Planner
Minor Plyler	Police Chief
Ashley Platts	Parks and Recreation
Brian Price	Public Works

BOARDS AND COMMITTEES

The Town of Stallings has numerous boards and advisory committees that help make recommendations to the Town Council. These boards and committees are comprised of both council members as well as citizens within the Town limits. The Town values the inputs of its residents and committee membership is an opportunity for citizens to be involved in local government. In 2018, Council passed an ordinance which further defined the responsibilities of the Town's boards and committees and categorized them into four different types:

1. Boards Required by Statute

Planning Board

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

Board of Adjustment

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

2. <u>Council Lead Committees</u>

Economic Development Advisory Committee

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

General Government Committee

Purpose/Objective: The General Government Committee provides oversight and makes regular reports and recommendations to Council regarding Town matters related to administration, finance, insurance, legal services, pension/401(k), and tax collection. The Committee reviews financial reports, audit statements, annual budgets, and five-year capital improvement plans to explore alternatives and strategies for the long-range financial objectives of the Town. The Committee also reviews administrative policies and procedures making recommendations for changes that promote efficiencies.

Public Safety Advisory Committee

Purpose/Objective: The Public Safety Advisory Committee's purpose is to review and recommend to Town Council changes to public safety management policies, long-range plans and estimated budgetary impacts. The Committee advises in the area of improving safety within the town for the residents as well as ensuring local statutes are in compliance with Union County's Emergency Management Department.

Stormwater Advisory Committee

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

Technology Advisory Committee

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

Transportation Advisory Committee

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

3. <u>Citizen-Lead Committees</u>

Historical Committee

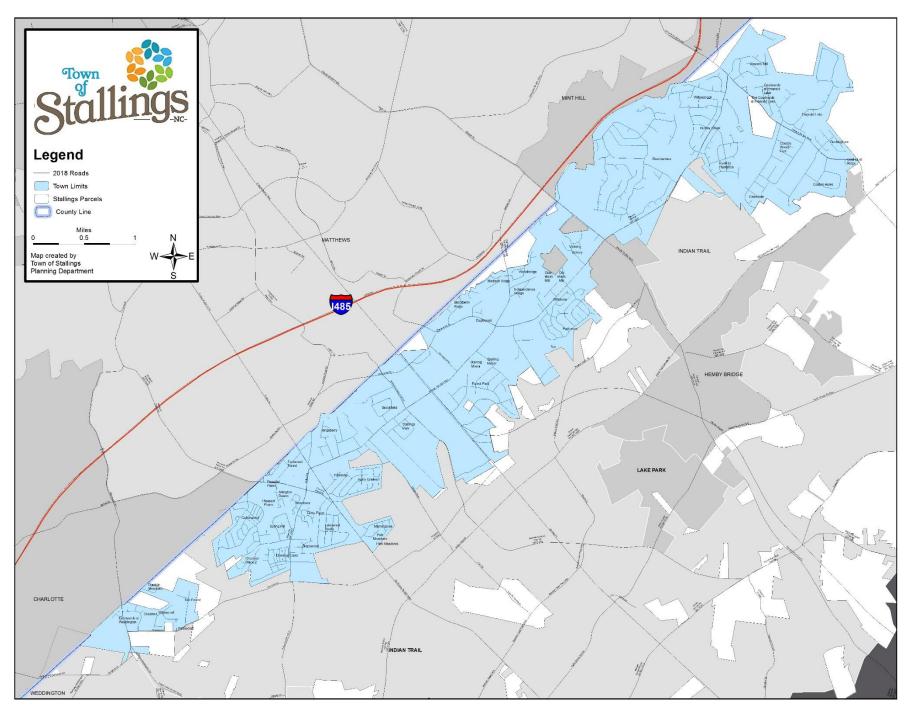
Purpose/Objective: The Historical Committee's purpose is to preserve Town properties and artifacts, designate historical Town landmarks and educate the community on the Town's history. The Committee also is an advisor to both the Town Manager and Council in matters of recognition and dedication to ensure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

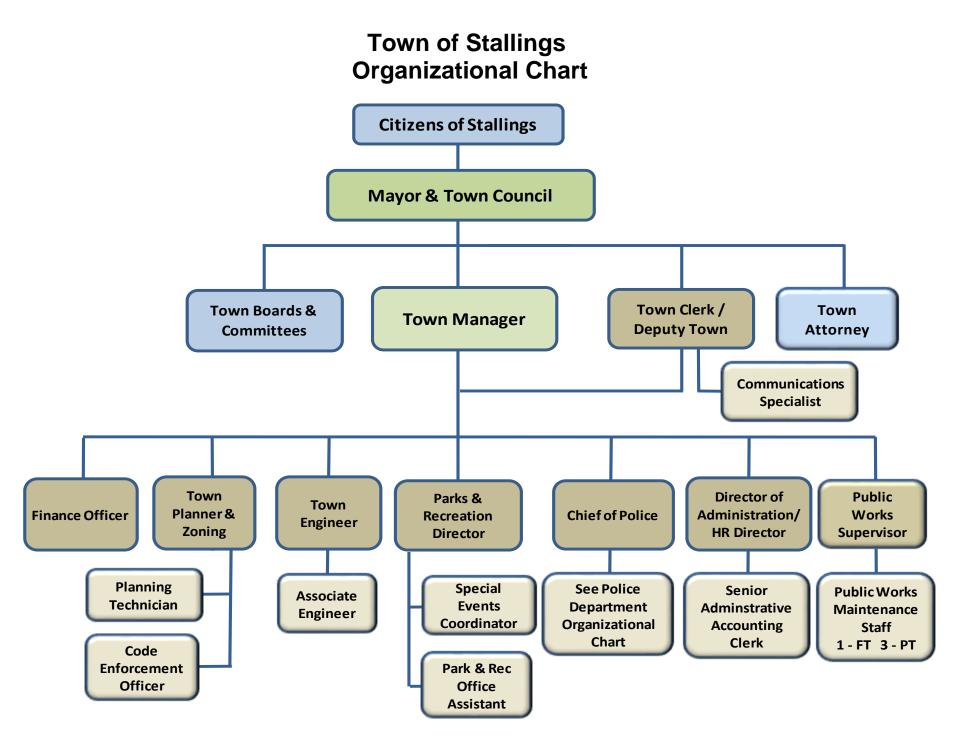
Parks and Recreation Committee

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

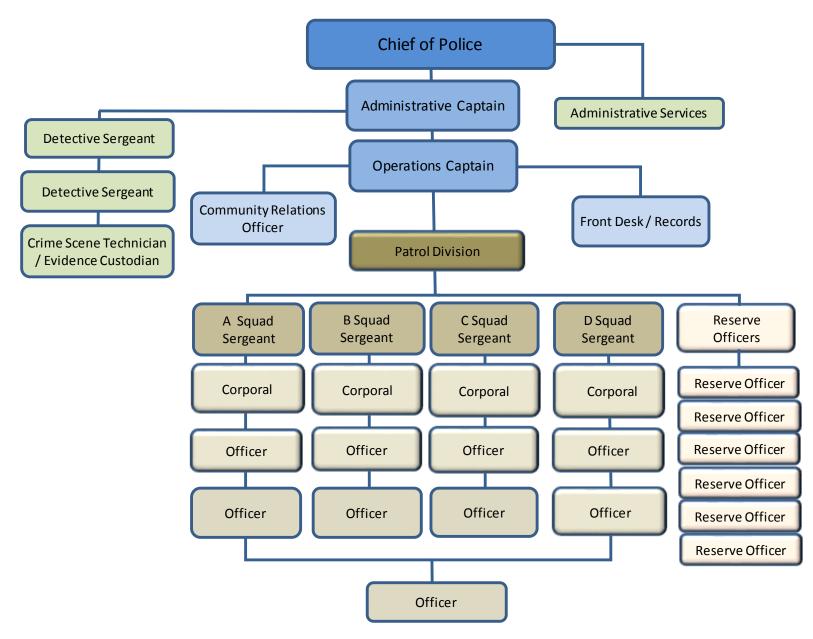
4. Ad Hoc Committees

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





Stallings Police Department Organizational Chart







FINANCIAL SECTION

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
 - Government-wide Financial Statements
 - Fund Financial Statements
 - Required Supplemental Financial data
 - Individual Fund Statements
 - Other Schedules





Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Stallings, North Carolina as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Town of Stallings' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Stallings, North Carolina as of June 30, 2018, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 14, the Local Government Employees' Retirement System Schedules of the Town's Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 47 through 48, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 49 through 50, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2017 on our consideration of the Town of Stallings' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Stallings' internal control over financial reporting and compliance.

Collins Boike & Moore, PA

Monroe, North Carolina October 8, 2018

Management's Discussion and Analysis



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Stallings, we offer readers of the Town of Stallings' financial statements this narrative overview and analysis of the financial activities of the Town of Stallings for the fiscal year ended June 30, 2018. We encourage readers to use the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

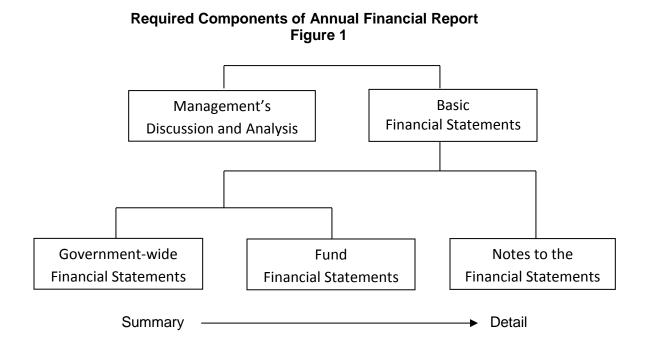
Financial Highlights

- The assets and deferred outflows of resources of the Town of Stallings exceeded its liabilities and deferred inflows of resources at the close of the year by \$24,681,302 (*net position*).
- The government's total net position decreased by \$3,085,882 mainly due to depreciation of Town assets which is partially offset by positive variances in revenues and expenditures as a result of cost savings measures implemented by the Town.
- As of the close of the current fiscal year, the Town of Stallings' governmental funds reported combined ending fund balance of \$8,945,037 with a net decrease of \$1,094,203 in fund balance. Approximately 9.9% of this total amount, or \$881,186 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,355,658, or 51.4% of total general fund expenditures for the fiscal year.
- On May 14, 2018, the Town Council approved the annexation of 11.481 acres of property located on Stevens Mill Road from Hemby Bridge. The property encompasses a portion of Stallings' Blair Mill Park but was outside the Town's jurisdiction. The North Carolina General Assembly passed House Bill 978 approving the annexation on June 21,2018.
- During the fiscal year, the Town acquired easements and right of ways along Potter Road and Pleasant Plains Road in preparation for the installation of turning lanes at the intersection of these streets. Total expenditures this fiscal year were \$1,250,597 with construction anticipated to begin next fiscal year. This is a joint project with North Carolina Department of Transportation and the Town will be reimbursed for part of the expenditures.
- The Town completed the design and construction documents this fiscal year for the New Town Hall and Public works building. Estimated construction costs are \$3.0 million with an estimated bid date in October 2018.

Overview of the Financial Statements

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

Management Discussion and Analysis Town of Stallings



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-Wide Financial Statements

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

Management Discussion and Analysis Town of Stallings

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

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

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

Fund Financial Statements

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

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

The Town of Stallings adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement

Management Discussion and Analysis Town of Stallings

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

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

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

Government-Wide Financial Analysis

Town of Stallings' Net Position Figure 2

	Govern	mental Business-Type				
	Activ	vities	Activ	ities	То	otal
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 9,245,211	\$ 10,315,183	\$1,163,188	\$ 884,141	\$10,408,399	\$11,199,324
Capital assets	15,238,157	17,494,027	104,293	63,680	15,342,450	17,557,707
Total assets	24,483,368	27,809,210	1,267,481	947,821	25,750,849	28,757,031
Deferred outflows of resources	437,902	590,488	12,456	-	450,358	590,488
	437,902	590,488	12,456	-	450,358	590,488
Long-term liabilities outstanding	1,027,679	1,177,443	15,436	-	1,043,115	1,177,443
Other liabilities	399,615	356,691	7,309	2,723	406,924	359,414
Total liabilities	1,427,294	1,534,134	22,745	2,723	1,450,039	1,536,857
Deferred inflows of resources	69,207	43,478	659	-	69,866	43,478
	69,207	43,478	659	-	69,866	43,478
Net a side as						
Net position:				~~ ~~~		/
Net investment in capital assets	15,238,157	17,494,027	104,293	63,680	15,342,450	17,557,707
Restricted	881,186	1,286,181	-	-	881,186	1,286,181
Unrestricted	7,305,426	8,041,878	1,152,240	881,418	8,457,666	8,923,296
Total net position	\$23,424,769	\$26,822,086	\$1,256,533	\$ 945,098	\$24,681,302	\$27,767,184

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Stallings exceeded liabilities and deferred inflows by \$24,681,302 as of June 30, 2018. The Town's net position decreased by \$3,085,882 for the fiscal year ended June 30, 2018. The largest decrease is reflected in the Town's net investment in capital assets (e.g. land, streets, buildings and equipment) which recorded \$3,394,943 in depreciation expense for the fiscal year ended June 30, 2018. 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, \$881,186, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,457,666 is unrestricted.

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 99.86%, which continues to exceed the statewide average.
- Increased sales tax revenues of \$55,254 due to economic growth in the Town.
- Ad valorem tax increase of approximately \$95,847 over last fiscal year due to addition of new neighborhoods in the Town.
- Exceeded total revenue budget by \$181,702.
- Cost savings and reductions in spending from budget of \$491,042 for current year expenditures. Achieved through staff's diligence in competing work, insourcing previously out sourced tasks, and closely monitoring actual verses budgeted costs.
- The Town has no outstanding debt and therefore incurs no interest expenses.

Town of Stallings' Changes in Net Position Figure 3

		nmental vities	Busines Activi	••	То	tal
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 97,830	\$ 191,081	\$ 493,804	\$ 488,516	\$ 591,634	\$ 679,597
Operating grants and contributions	411,580	443,907	-	-	411,580	443,907
Capital grants and contributions	-	1,133,332	-	-	-	1,133,332
General revenues:						
Property taxes	3,909,481	3,819,553	-	-	3,909,481	3,819,553
Other Taxes	2,117,572		-	-	2,117,572	2,056,061
Grants and contributions not						
restricted to specific programs	-	-	-	-	-	-
Other	133,332	195,763	-	-	133,332	195,763
Total Revenues	6,669,795	7,839,697	493,804	488,516	7,163,599	8,328,213
Expenses:						
General Government	1,068,861	1,167,904	-	-	1,068,861	1,167,904
Public Safety	2,318,412	, ,	-	-	2,318,412	2,234,108
Transportation	4,461,415		-	-	4,461,415	3,204,115
Economic and physical development	483,469	352,857	-	-	483,469	352,857
Environmental protection	906,820		-	-	906,820	885,217
Cultural and recreation	689,156	624,931	-	-	689,156	624,931
Public Works	138,979	-	-	-	138,979	-
Storm water	-	-	182,369	243,248	182,369	243,248
Total Expenses	10,067,112	8,469,132	182,369	243,248	10,249,481	8,712,380
Increase (decrease) in net position	(3,397,317) (629,435)	311,435	245,268	(3,085,882)	(384,167)
Net Position, beginning	26,822,086	27,451,521	945,098	699,830	27,767,184	28,151,351
Net Position, June 30	\$23,424,769	\$ 26,822,086	\$1,256,533	\$ 945,098	\$24,681,302	\$27,767,184

Governmental activities. Governmental activities decreased the Town's net position by \$3,397,317 representing a drop in net position of 12.67%. The key element of this decrease was the depreciation expense of \$3,392,077 of Town assets.

- The Town's total revenues decreased by \$1,169,902 which is mainly due to \$1,119,132 related to the annexation of roads and infrastructure of two subdivisions as well as \$14,200 for land donation designated for park land in 2017.
- Council also approved right away acquisitions and easement purchases of \$1,250,597 for Potter Road and Pleasant Plains intersection improvements. Total cost related to the improvements are budgeted at \$2,825,000 of which \$2,425,000 will be funded through

North Carolina Department of Transportation by the Federal Highway Administration upon completion.

- Total expenses increased \$1,597,980 or 18.9% over prior fiscal year. While the expenses
 related to the intersection improvement represent the majority of the increase, the Town
 also invested in the development of several small area plans for a number of our major
 intersections including Idlewild Road, Stallings Elementary School Node, Highway
 74/Monroe Bypass, Old Monroe Road and Town Center, and Greenway Master Plan.
- In 2018, the public works department was started to address maintenance and property management for the Town as well as perform several previously outsourced services.
 Personnel and costs were shifted from both general government and cultural and recreation departments into this public works for this year.

Business-type Activities. Business-type activities increased the Town of Stallings' net position by \$311,435.

Key elements of this increase are as follows:

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

Financial Analysis of the Town's Funds

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

Governmental Funds

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

The general fund is the chief operating fund of the Town of Stallings. At the end of the current fiscal year, the Town of Stallings' fund balance available in the General Fund was \$3,355,658, while total fund balance reached \$8,945,037. The Town Council has determined that the Town should maintain an available fund balance of 30% of budgeted general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 51.4% of general fund expenditures, while total fund balance represents 137.1% of the same amount.

At June 30, 2018, the governmental funds of the Town of Stallings reported a combined fund balance of \$8,945,037 with a net decrease in fund balance of \$1,094,203 or 10.9% from prior fiscal

year. The change in fund balance is due to mainly to the expenditures related to the Potter Road/ Pleasant Plains intersection of \$1,250,597 which will be reimbursed in the 2019-2020 timeframe.

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

There were a number of reasons the Town revised its budget through the year. The Town received restricted intergovernmental funds that were available for use during 2018 and used for renovations in Public Safety and installation of sidewalks. Although the Town diligently monitored expenditures to ensure they complied with budgetary requirements, there were amendments made to the General Fund in General Government budget related to unexpected expenditures and capital outlays. Building maintenance expenses for Town Hall and costs related to right of way acquisition were higher than originally budgeted. In order to maintain the Town's level of services, Council approved the design of a New Town Hall and Public Works building as well as investing in small area plans for future economic growth and development of the Town.

At year-end revenues were 2.8% greater than the budget due to increases in ad valorem and sales and use tax and investment earnings. Expenditures were 7.0% below budget with savings compared to budget in all departments. Majority of cost savings were in Cultural and Recreational department which had a budgeted capital investment which was pushed into 2018 and Public Safety department related to position vacancies.

Proprietary Fund. The Town's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Storm Water Fund at the end of the fiscal year amounted to \$1,152,240. The total change in net position was an increase of \$311,435. The increase was a result of lack of required repairs or major projects.

Capital Asset and Debt Administration

Capital Assets. The Town of Stallings' investments in capital assets for its governmental and business-type activities as of June 30, 2018 total \$15,342,450 (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 \$402,130.
- Installation of sidewalks accounted for an addition of \$105,533.

- Construction in progress of \$197,402, consisting of design and engineering costs for New Town Hall and Public Works buildings.
- Public Safety renovation on first level of Town Hall of \$130,742.
- Acquisition of public safety vehicles and equipment totaling \$152,948.
- Stallings Municipal Park sound system and equipment totaling \$53,873.
- Several storm water improvements including drain inlets and concrete swales totaling \$43,479.

Town of Stallings' Captial Assets
(net of depreciation)
Figure 4

	Govern Activ	 	Business-Type Activities				Total			
	 2018	2017	2018		2017		2018	2017		
Infrastructure	\$ 9,833,668	\$ 12,302,269	\$ 104,293	\$	63,680	\$	9,937,961	\$12,365,949		
Land improvements	1,815,971	2,011,073	-		-		1,815,971	2,011,073		
Building and improvements	1,334,492	1,219,141	-		-		1,334,492	1,219,141		
Land	958,331	958,331	-		-		958,331	958,331		
Vehicles	365,859	294,305	-		-		365,859	294,305		
Construction in progress	751,014	553,613	-		-		751,014	553,613		
Equipment	153,743	116,893	-		-		153,743	116,893		
Computers and Software	 25,079	38,402	-		-		25,079	38,402		
Total	\$ 15,238,157	\$ 17,494,027	\$ 104,293	\$	63,680	\$	15,342,450	\$17,557,707		

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

Long-term Debt. As of June 30, 2018, the Town of Stallings had no bonded debt outstanding. The only debt the Town has is related to compensated absences and pension related debt.

Outstanding Liabilities Figure 5

Town of Stallings' Outstanding Debt

	Governmental Activities			Busines Activi			Total				
		2018		2017	2018	4	2017		2018		2017
Pension related debt (LGERS)	\$	503,227	\$	653,679	\$ 15,436	\$	-	\$	518,663	\$	653,679
Pension related debt (LEO)		524,452		523,764	-		-		524,452		523,764
Compensated absences		159,619		145,751	4,586		-		164,205		145,751
Total	\$	1,187,298	\$	1,323,194	\$ 20,022	\$	-	\$	1,207,320	\$1	,323,194

The Town of Stallings' total debt decreased by \$115,874 (8.8%) during the past fiscal year and due primarily to the decrease in the Town's proportionate share of the net pension liability (LGERS).

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal margin for the Town of Stallings is \$144,874,117.

Additional information regarding the Town of Stallings' long-term debt can be found in Note III.B of this report.

Economic Factors and Next Year's Budgets and Rates

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

- The economy has stimulated construction growth in the Town this fiscal year with ad valorem tax growth of 2.5% as well as economic growth with sales tax increasing 3.3%. Population growth and new construction continue to increase the Town's total tax base which is projected to increase an additional 2.0%.
- The Town's tax rate remained at \$0.215 per \$100 of assessed property value. Excellent ad valorem collection rates and controlled spending have allowed the Town to hold the tax rate constant.

The Town is affected by the construction activity with the building of the Monroe Expressway
on US 74 which began in last fiscal year with a completion projected in late 2018. The Town
has invested in small area plans for this as well as 4 other major thoroughfares in our
jurisdiction to explore economic growth possibilities. Plans are being developed for Idlewild
Road, Old Monroe Road, Stevens Mill and Stallings Road intersection as well as a Town of
Stallings Greenway. These plans include a combination of both commercial and residential
new construction which will positively impact both the Town and surrounding community.

Budget Highlights for the Fiscal Year Ending June 30, 2019

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

Budgeted expenditures in the General Fund are expected to increase slightly to \$6,760,500 or 3.6% compared to actual expenditures in fiscal year 2017. This increase is primarily seen in public works department which now includes park maintenance staff and capital maintenance repairs. Debt service is also contributing to this increase which relates to the loan needed for the upcoming construction in 2019.

Town Council has approved the design and construction of a new public works building and civic/government building in fiscal year 2018. The public works building will house the public works department who maintain Town Hall and Stallings Parks. The civic/government building will replace the existing Civic Center. Construction documents are close to completion and are anticipated to be bid in fall 2018 with construction beginning in early 2019. The Town plans to finance the buildings with an installment loan once bids and construction costs are known. Included in the budget is debt service which represents the interest only payments during construction.

Engineering, design and right-of-way acquisition for the road improvement project at Pleasant Plains Road and Potter Road is underway with construction scheduled to begin early 2019.

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

Basic Financial Statements



Town of Stallings Statement of Net Position June 30, 2018

		Р	t			
	Go	vernmental		siness-type		
		Activities		Activities		Total
ASSETS						
Current assets:	•	0 505 404	•	4 4 5 5 4 6 6	•	0.000.047
Cash and cash equivalents	\$	8,525,194	\$	1,155,423	\$	9,680,617
Taxes receivable (net)		38,815		-		38,815
Accrued interest receivable on taxes		21,361		-		21,361
Accounts receivable (net) Due from other governments		- 266,737		7,765		7,765 266,737
Restricted cash and cash equivalents		393,104		-		393,104
Total current assets		9,245,211		1,163,188		10,408,399
i otal current assets		3,243,211		1,103,100	-	10,400,399
Non-current assets:						
Capital assets:						
Land, non-depreciable improvements, and		4 700 045				4 700 045
construction in progress		1,709,345		-		1,709,345
Other capital assets, net of depreciation		13,528,812		104,293		13,633,105
Total capital assets		15,238,157		104,293		15,342,450
Total non-current assets		15,238,157		104,293		15,342,450
Total assets		24,483,368		1,267,481		25,750,849
DEFERRED OUTFLOWS OF RESOURCES						
Pension deferrals		437,902		12,456		450,358
Total deferred outflows of resources		437,902		12,456		450,358
LIABILITIES Current liabilities:						
		230,982		2,000		232,982
Accounts payable and accrued liabilities Deposits in escrow		230,982 9,014		2,000		232,982 9,014
Unearned revenue		9,014		- 723		9,014 723
Current portion long-term liabilities		- 159,619		4,586		164,205
Total current liabilities		399,615		7,309		406,924
Long-term liabilities:		000,010		1,000		100,021
Net pension liability		503,227		15,436		518,663
Total pension liability		524,452		-		524,452
Due in more than one year		-		-		-
Total long-term liabilities		1,027,679		15,436		1,043,115
Total liabilities		1,427,294		22,745		1,450,039
DEFERRED INFLOWS OF RESOURCES						
Pension deferrals		69,207		659		69,866
Total deferred inflows of resources		69,207		659		69,866
NET POSITION				404.000		
Net investment in capital assets		15,238,157		104,293		15,342,450
Restricted for:		004 500				004 500
Stabilization by State Statute		601,599		-		601,599
Streets		153,094		-		153,094
Drug Forfeiture Unrestricted		126,493 7 305 426		-		126,493 8 457 666
	¢	7,305,426	¢	1,152,240	¢	8,457,666
Total net position	\$	23,424,769	\$	1,256,533	\$	24,681,302

Town of Stallings Statement of Activities For the Year Ended June 30, 2018

			Progr	am Revenue			Net (Expense) Revenue and Changes in Ne			Net Position		
			0	perating	Ca	pital			Prima	ry Governme	nt	
		Charges for	-	Grants and		Grants and		overnmental		siness-type		
Functions/Programs	Expenses	Services	Con	Contributions		Contributions		Activities		Activities		Total
Primary government:												
Governmental Activities:												
General government	\$ 1,068,861	\$ 300	\$	-	\$	-	\$	(1,068,561)	\$	-	\$	(1,068,561)
Public safety	2,318,412	4,036		1,859		-		(2,312,517)		-		(2,312,517)
Transportation	4,461,415	-		399,228		-		(4,062,187)		-		(4,062,187)
Environmental protection	906,820	-		10,493		-		(896,327)		-		(896,327)
Economic and physical development	483,469	78,807		-		-		(404,662)		-		(404,662)
Public works	138,979	-		-		-		(138,979)		-		(138,979)
Cultural and recreational	689,156	14,687		-		-		(674,469)		-		(674,469)
Total governmental activities	10,067,112	97,830		411,580		-		(9,557,702)		-		(9,557,702)
Business-type activities:												
Storm Water	182,369	493,804		-		-		-		311,435		311,435
Total business-type activities	182,369	493,804		-		-		-		311,435		311,435
Total primary government	\$ 10,249,481	\$ 591,634	\$	411,580	\$	-	\$	(9,557,702)	\$	311,435	\$	(9,246,267)
	General revenues:											
	Taxes:											
	Property taxes, le	evied for general p	ourpose					3,909,481		-		3,909,481
	Sales taxes							1,189,871		-		1,189,871
	Franchise taxes							820,997		-		820,997
	Beer and wine ta	xes						68,417		-		68,417
	Other taxes and	licenses						38,287		-		38,287
	Unrestricted investr	nent earnings						86,035		-		86,035
	Restricted investme	ent earnings						4,491		-		4,491
	Gain on disposal of	assets						6,829		-		6,829
	Miscellaneous							35,977		-		35,977
		eral revenues and	transfei	S				6,160,385		-		6,160,385
	Total gene	eral revenues and net position	transfei	S				6,160,385 (3,397,317)		- 311,435		6,160,385 (3,085,882)
	Total gene	net position	transfei	S						- 311,435 945,098		

Exhibit 3

Town of Stallings Balance Sheet Governmental Funds June 30, 2018

	Мајс			
	General Fund	Potter/Pleasant Plains Intersection Improvement Capital Project Fund	Non-Major Funds	Total Governmental Funds
ASSETS Cash and cash equivalents	\$ 8.525.194	\$ -	\$-	\$ 8.525.194
Restricted cash	\$ 8,525,194 393,104	φ -	φ -	\$ 8,525,194 393,104
Receivables, net:	393,104	-	-	393,104
Taxes	38,815	_	_	38,815
Due from other governments	266,737	-	_	266,737
Total assets	9,223,850			9,223,850
LIABILITIES				
Accounts payable and accrued liabilities	230,982	-	-	230,982
Deposits in escrow	9,016	-	-	9,016
Total liabilities	239,998			239,998
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	38,815			38,815
Total deferred inflows of resources	38,815			38,815
FUND BALANCES Restricted				
Stabilization by State Statute	601,599	-	-	601,599
Streets - Powell Bill	153,094	-	-	153,094
Drug Forfeiture	126,493	-	-	126,493
Committed				
Parks and Recreation	330,043	-	-	330,043
Chestnut Lane Roundabout	350,000	-	-	350,000
Capital Projects Fund	-	-	-	-
Assigned	4 550 000			4 550 000
Subsequent year expenditures	1,550,000	-	-	1,550,000
Minimum fund balance requirement	2,478,150	-	-	2,478,150
Unassigned Total fund balances	3,355,658			3,355,658
Total liabilities, deferred inflows of	8,945,037			8,945,037
resources and fund balances	\$ 9,223,850	<u>\$</u>	<u>\$ -</u>	\$ 9,223,850

Town of Stallings Reconciliation of the Governmental Funds Balance Sheet Statement of Net Position June 30, 2018	the	Exhibit 4	
Amounts reported for governmental activities in the Statement of Net Position are different be	cau	ise:	
Total fund balance - Governmental Funds			\$ 8,945,037
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Gross capital assets at historical cost Accumulated depreciation	\$	39,606,637 (24,368,480)	15,238,157
Deferred outflows of resources related to pensions are not reported in the funds			437,902
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			21,361
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds			
Compensated absences Net pension liability Total pension liability		(159,617) (503,227) (524,452)	(1,187,296)
Deferred inflows of resources related to pensions are not reported in the funds			(69,207)
Earned revenues considered deferred inflows of resources in fund statements			 38,815
Net position of governmental activities			\$ 23,424,769

Town of Stallings Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds For the Year Ended June 30, 2018

	Majo	r Fund	s			
	General	ln Im	ter/Pleasant Plains Itersection Iprovement pital Project Fund	-Major s Total	Go	Total overnmental Funds
REVENUES						
Ad valorem taxes	\$ 3,913,632	\$	-	\$ -	\$	3,913,632
Other taxes and licenses	38,287		-	-		38,287
Unrestricted intergovernmental	2,079,285		-	-		2,079,285
Restricted intergovernmental	411,580		-	-		411,580
Permits and fees	85,143		-	-		85,143
Investment earnings	90,526		-	-		90,526
Sales and services	14,687		-	-		14,687
Miscellaneous	 46,562		-	 -		46,562
Total revenues	 6,679,702		-	 -		6,679,702
EXPENDITURES						
Current:						
General government	997,495		-	-		997,495
Public safety	2,148,102		-	-		2,148,102
Transportation	236,362		1,250,597	-		1,486,959
Environmental protection	906,820		-	-		906,820
Economic and physical development	478,897		-	-		478,897
Public works	133,334		-	-		133,334
Cultural and recreational	470,477		-	-		470,477
Capital Outlay						
General government	197,402		-	-		197,402
Public safety	283,691		-	-		283,691
Transportation	519,060		-	-		519,060
Economic and physical development	11,397		-	-		11,397
Public works	67,077		-	-		67,077
Cultural and recreational	73,194		-	-		73,194
Total expenditures	 6,523,308		1,250,597	 -		7,773,905
Excess (deficiency) of revenues over expenditures	 156,394		(1,250,597)			(1,094,203)
OTHER FINANCING SOURCES (USES)						
Transfer to/from other funds	(1,293,465)		1,293,465	-		-
Total other financing sources (uses)	 (1,293,465)		1,293,465	 -		-
Net change in fund balance	(1,137,071)		42,868	-		(1,094,203)
Fund balances, beginning	 10,082,108		(42,868)	 -		10,039,240
Fund balances, ending	\$ 8,945,037	\$	-	\$ -	\$	8,945,037

Town of Stallings Reconciliation of the Statement of Revenues, Expen Changes in Fund Balances of Governmental Funds to the Sta For the Year Ended June 30, 2018		Exhibit 6	
Amounts reported for governmental activities in the statement of activities are different because:			
Net changes in fund balances - total governmental funds			\$ (1,094,203)
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. Capital outlay expenditures which were capitalized Contributed capital - non-cash additions	\$	1,151,821	
Disposals, net book value Depreciation expense for governmental assets		(15,613) (3,392,077)	(2,255,869)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities			166,784
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities			19,693
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Change in accrued interest receivable from taxes Change in unavailable revenue for tax revenues		2,085 (6,237)	(4,152)
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.			

reported as expenditures in governmental funds. Compensated absences Pension expense	 (13,868) (215,702)
Total changes in net position of governmental activities	\$ (3,397,317)

Town of Stallings Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund For the Year Ended June 30, 2018

	General Fund			
-	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:	¢ 0.000.000	¢ 0.000.000	¢ 0.040.000	¢ 54.000
Ad valorem taxes	\$ 3,862,000	\$ 3,862,000	\$ 3,913,632	\$ 51,632
Unrestricted intergovernmental	2,016,000	2,016,000	2,079,285	63,285
Restricted intergovernmental	409,000	409,000	411,580	2,580
Other taxes and licenses	44,000	44,000	38,287	(5,713)
Permits and fees	118,000	118,000	85,143	(32,857)
Investment earnings	27,200	27,200	90,526	63,326
Sales and services	17,800	17,800	14,687	(3,113)
Miscellaneous	4,000	4,000	46,562	42,562
Total revenues	6,498,000	6,498,000	6,679,702	181,702
Expenditures: Current:				
General government	1,051,400	1,257,000	1,194,897	62,103
Public safety	2,359,200	2,537,250	2,431,793	105,457
Transportation	661,100	821,600	755,422	66,178
Economic and physical development	373,500	560,500	490,294	70,206
Environmental protection	948,300	948,300	906,820	41,480
Public works	174,900	210,100	200,411	9,689
Cultural and recreational	662,000	662,000	543,671	118,329
Contingency	17,600	17,600	-	17,600
Total expenditures	6,248,000	7,014,350	6,523,308	491,042
Revenues over (under) expenditures	250,000	(516,350)	156,394	672,744
Other financing sources (uses):				
Transfers to other funds	(1,250,000)	(1,330,000)	(1,293,465)	36,535
Total other financing sources (uses)	(1,250,000)	(1,330,000)	(1,293,465)	36,535
	(1,200,000)	(1,000,000)	(1,200,100)	
Fund balance appropriated	1,000,000	1,846,350		(1,846,350)
Net change in fund balance	\$ -	\$ -	(1,137,071)	\$ (1,137,071)
Fund balances, beginning Fund balances, ending			10,082,108 \$ 8,945,037	

Town of Stallings Statement of Fund Net Position Proprietary Fund June 30, 2018

	Major Enterprise Fund		
	Storm Water Tota		
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,155,423	\$ 1,155,423	
Fees receivable	7,455	7,455	
Accounts receivable	310	310	
Total current assets	1,163,188	1,163,188	
Noncurrent assets:			
Capital assets:			
Capital assets, net of depreciation	104,293	104,293	
Capital assets	104,293	104,293	
Total noncurrent assets	104,293	104,293	
Total assets	1,267,481	1,267,481	
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	12,456	12,456	
Total deferred outflows of resources	12,456	12,456	
LIABILITIES			
Current liabilities:			
Accounts payable	2,000	2,000	
Compensated absences	4,586	4,586	
Unearned revenue	723	723	
Total current liabilities	7,309	7,309	
Noncurrent liabilities:			
Net pension liability	15,436	15,436	
Total noncurrent liabilities	15,436	15,436	
Total liabilities	22,745	22,745	
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	659	659	
Total deferred inflows of resources	659	659	
NET POSITION			
Net investment in capital assets	104,293	104,293	
Unrestricted	1,152,240	1,152,240	
Total net position	\$ 1,256,533	\$ 1,256,533	

Town of Stallings Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Fund For the Year Ended June 30, 2018

	Major Enterprise Fund		
	Storm Water Fund	Total	
OPERATING REVENUES			
Storm water fees and interest	\$ 493,804	\$ 493,804	
Total operating revenues	493,804	493,804	
OPERATING EXPENSES			
Salaries and employee benefits	100,237	100,237	
Repairs and maintenance	78,131	78,131	
Miscellaneous expenses	1,135	1,135	
Depreciation	2,866	2,866	
Total operating expenses	182,369	182,369	
Operating income (loss)	311,435	311,435	
Change in net position	311,435	311,435	
Total net position, beginning	945,098	945,098	
Total net position, ending	\$ 1,256,533	\$ 1,256,533	

Town of Stallings Statement of Cash Flows Proprietary Fund For the Year Ended June 30, 2018

	Major Enterprise Fund		und	
	Storm Water Fund T			
			Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$	495,788	\$	495,788
Cash paid for goods and services	Ŷ	(79,266)	Ψ	(79,266)
Cash paid to or on behalf of employees for services		(92,012)		(92,012)
Net cash provided (used) by operating activities		324,510		324,510
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets		(43,479)		(43,479)
Net cash used by capital and related financing activities		(43,479)		(43,479)
Net increase (decrease) in cash and cash equivalents		281,031		281,031
Balances, beginning		874,392		874,392
Balances, ending		1,155,423		1,155,423
Reconciliation of operating income to net cash provided by operating activities: Operating income Adjustments to reconcile operating income to net cash		311,435		311,435
provided by operating activities: Depreciation		2,866		2,866
Changes in assets and liabilities:		2,000		2,000
(Increase) decrease in fees receivable		2,294		2,294
(Increase) decrease in accounts receivable		(310)		(310)
(Increase) decrease in deferred outflows of resources - pensions		(12,456)		(12,456)
Increase (decrease) in accounts payable		- (12,100)		(12,100)
Increase (decrease) in compensated absences		4,586		4,586
Increase (decrease) in unearned revenue		-		-
Increase (decrease) in net pension liability		15,436		15,436
Increase (decrease) in deferred inflows of resources - pensions		659		659
Total adjustments		13,075		13,075
Net cash provided by operating activities	\$	324,510	\$	324,510

Notes to Financial Statements



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. <u>Reporting Entity</u>

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

B. Basis of Presentation

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

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

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

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

The Town reports the following major governmental funds:

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

I. Summary of Significant Accounting Policies (continued)

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

The Town reports the following non-major governmental funds:

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

The Town reports the following major enterprise funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

I. Summary of Significant Accounting Policies (continued)

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

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

D. Budgetary Data

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

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

1. Deposits and Investments

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

I. Summary of Significant Accounting Policies (continued)

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

2. Cash and Cash Equivalents

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

3. <u>Restricted Assets</u>

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

Restricted Cash

Governmental Activities		
General Fund		
Powell Bill	\$	258,627
Drug forfeiture		126,493
Escrow deposits		7,984
Total Restricted Cash	<u>\$</u>	<u>393,104</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, 2017.

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.

I. Summary of Significant Accounting Policies (continued)

6. Capital Assets

Capital assets are defined by the government as assets with an initial individual cost of \$5,000 and an estimated useful life of three years or greater. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are recorded at cost or estimated historical cost.

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

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion: pension deferrals in the 2018 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – property taxes receivable and pension deferrals.

8. Long-Term Obligations

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

9. <u>Compensated Absences</u>

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.

I. Summary of Significant Accounting Policies (continued)

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

10. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

Committed for Parks and Recreation – committed for park improvements.

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

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

I. Summary of Significant Accounting Policies (continued)

Assigned Fund Balance – portion of fund balance that the Town of Stallings council intends to use for specific purposes.

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

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

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

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

11. Defined Benefit Cost-Sharing Plans

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

12. Management Estimates

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

II. Stewardship, Compliance, and Accountability

- A. Significant Violations of Finance-Related Legal and Contractual Provisions
- 1. Noncompliance with North Carolina General Statutes

In accordance with North Carolina General Statutes 115C-441, if an obligation of the Town is evidenced by a contract or agreement requiring the payment of money or by a purchase order for supplies and materials, the contract or purchase order shall include on its face a certificate stating that the instruments have been preaudited to ensure that sufficient funds have been appropriated. There were several items noted during testing that were missing the preaudit stamp on the documents.

- B. <u>Deficit in Fund Balance or Net Position of Individual Funds</u> None
- C. <u>Excess of Expenditures over Appropriations</u> None

III. Detail Notes on All Funds

- A. Assets
- 1. Deposits

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

III. Detail Notes on All Funds (continued)

At June 30, 2018, the Town's deposits had a carrying amount of \$2,006,587 and a bank balance of \$2,185,894. Of the bank balance, \$255,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2018, the Town's petty cash fund totaled \$400.

2. Investments

At June 30, 2018, the Town had \$8,066,733 invested with the North Carolina Capital Management Trust's Government Portfolio and Term Portfolio, which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

3. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2018 was as follows:

	July 1, 2017	Additions	Retirements	June 30, 2018
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 958,331	\$-	\$-	\$ 958,331
Construction in Progress	553,613	197,401	-	751,014
Total capital assets not being depreciated	1,511,944	197,401	-	1,709,345
Capital assets being depreciated:				
Buildings and improvements	1,797,870		-	1,965,070
Land improvements	2,993,530		-	2,993,530
Equipment	265,028	,	30,328	
Computers and software	195,429		-	195,429
Vehicles	778,782	199,018	95,313	
Infrastructure	31,037,877	507,663	-	31,545,540
Total capital assets being depreciated	37,068,516	954,419	125,641	37,897,294
Less accumulated depreciation:	F70 700	54.040		000 570
Buildings and improvements	578,729	,	-	630,578
Land improvements	982,457		-	1,177,559
Equipment	148,135	,	14,715	
Computers and software	157,027	,	-	170,350
Vehicles	484,477			
Infrastructure	18,735,608			21,711,872
Total accumulated depreciation	21,086,433	\$ 3,392,077	\$ 110,028	24,368,482
Total capital assets being depreciated, net	15,982,083			13,528,812
Governmental activities capital assets, net	\$ 17,494,027			\$ 15,238,157

III. Detail Notes on All Funds (continued)

Depreciation expense was charged to function	ns/prog	grams of the	primary governme	ent as follo	ows:
General governmer	nt		\$ 63,948	3	
Public safety			142,482	2	
Transportation			2,976,75		
Public works			3,397		
Cultural and recreat	tional		205,499		
Total depreciation	on exp	ense	<u>\$ 3,392,077</u>	<u>/</u>	
	July	1, 2017 A	dditions Retirem	ents Jun	e 30, 2018
Business-type activities:					
Storm Water Fund					
Capital assets being depreciated:					
Infrastructure	\$	65,358 \$	43,479 \$	- \$	108,837
Total capital assets being depreciated		65,358	43,479	-	108,837
Less accumulated depreciation:					
Infrastructure		1,678	2,866	-	4,544
Total accumulated depreciation		1,678 \$	2,866 \$	-	4,544
Total capital assets being depreciated, net		63,680			104,293
Business-type capital assets, net	\$	63,680		\$	104,293
Duomooo type oupital aboeto, net	Ψ	00,000		Ψ	104,200

Construction Commitments

The Town has active construction projects as of June 30, 2018. At year-end, the Town's commitments with contractors are as follows:

		Remaining
Project	Spent-to-date	Commitment
Potter/Pleasant Plains Improvement	\$ 1,673,516	\$ 1,151,484

B. Liabilities

1. Accounts Payable – Disaggregate Information

	Vendors	Salaries and Benefits	Total
Governmental Activities: General Other governmental	\$ 180,627 	\$ 50,355 	\$ 230,982
Total governmental activities	\$ 180,627	\$ 50,355	\$ 230,982
Business-type Activities: Storm Water	\$ 2,000	<u>\$ </u>	\$ 2,000
Total business-type activities	\$ 2,000	\$-	\$ 2,000

III. Detail Notes on All Funds (continued)

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service or at age 60 with five years of creditable service or at age 60 with five years of creditable service or at age 60 with 20 years of creditable service or at age 60 with five years of creditable service or at age 60 with 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 15 years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO and have reached age 55, or have completed 15 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, 2018 was 8.25% of compensation for law enforcement officers and 7.74% for general employees, actuarially determined as an amount that, when combined with employee

III. Detail Notes on All Funds (continued)

contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$166,784 for the year ended June 30, 2018.

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

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

At June 30, 2018, the Town reported a liability of \$518,663 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.03395%, which was a decrease of 0.00315% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the Town recognized pension expense of \$181,340. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,880	\$ 14,682
Changes of assumptions Net difference between projected and actual earnings on	74,072	-
pension plan investments Changes in proportion and differences between Town	125,932	-
contributions and proportionate share of contributions Town contributions subsequent to the measurement	21,868	7,447
date	166,784	-
Total	\$ 418,536	\$ 22,129

III. Detail Notes on All Funds (continued)

\$166,784 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 29,850
2020	154,172
2021	79,147
2022	(33,546)
2023	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent			
Salary increases	3.50 to 8.10 percent, including inflation and			
	productivity factor			
Investment rate of return	7.20 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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

III. Detail Notes on All Funds (continued)

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.20 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 (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Town's proportionate share of the net pension liability (asset)	\$ 1,557,035	\$ 518,663	\$ (348,052)

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.

III. Detail Notes on All Funds (continued)

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description

The Town of Stallings administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not receiving benefits	0
Active plan members	22
Total	23

2. Summary of Significant Accounting Policies

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

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

2. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and
	productivity factor
Discount rate	3.16 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2016.

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

III. Detail Notes on All Funds (continued)

3. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$19,866 as benefits came due for the reporting period.

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

At June 30, 2018, the Town reported a total pension liability of \$524,452. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the Town recognized pension expense of \$38,001.

	Outflows of Inflo		Deferred Inflows of Resources		
Differences between expected and actual experience	\$	-	\$	40,610	
Changes of assumptions		21,889		7,127	
Town benefit payments and plan administrative expense					
made subsequent to the measurement date		9,933		-	
Total	\$	31,822	\$	47,737	

\$9,933 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 9,803
2020	9,803
2021	9,803
2022	9,803
2023	8,525
Thereafter	-

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.16 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

1%		
Decrease	Discount	1%
(2.16%)	Rate (3.16%)	Increase (4.16%)
\$ 559,101	\$ 524,452	\$ 492,359
	Decrease (2.16%)	Decrease Discount (2.16%) Rate (3.16%)

III. Detail Notes on All Funds (continued)

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

	2018
Beginning balance	\$ 523,764
Service cost	23,192
Interest on the total pension liability	19,834
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability Changes of assumptions or other inputs Benefit payments Other changes	(48,748) 26,276 (19,866) -
Ending balance of the total pension liability	\$ 524,452

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

Pension Expense Pension Liability Proportionate share of the net pension liability	LGERS \$ 181,340 518,663 0.03395%	LEOSSA \$ 38,001 524,452 n/a	Total \$ 219,341 1,043,115
Deferred Outflows of Resources			
Differences between expected and actual experience	29,880	-	29,880
Changes of assumptions	74,072	21,889	95,961
Net difference between projected and actual earnings on			
plan investments	125,932	-	125,932
Changes in proportion and differences between	04.000		04.000
contributions and proportionate share of contributions	21,868	-	21,868
Benefit payments and administrative costs paid subsequent to the measurement date	166,784	9,933	176,717
subsequent to the measurement date	100,704	9,900	170,717
Deferred Inflows of Resources			
Differences between expected and actual experience	14,682	40,610	55,292
Changes of assumptions	-	7,127	7,127
Net difference between projected and actual earnings on			
plan investments	-	-	-
Changes in proportion and differences between			
contributions and proportionate share of contributions	7,447	-	7,447

III. Detail Notes on All Funds (continued)

c. <u>Supplemental Retirement Income Plan for Law Enforcement Officers</u>

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2018 were \$77,931, which consisted of \$50,507 from the Town and \$27,424 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, 2018 were \$71,991, which consisted of \$34,588 from the Town and \$37,403 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 multipleemployer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

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

III. Detail Notes on All Funds (continued)

6. Deferred Outflows and Inflows of Resources

The Town has several deferred outflow of resources. Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	\$ 166,784
Benefit payments made and administrative expenses for LEOSSA	9,933
Differences between expected and actual experience	29,880
Changes of assumptions	95,961
Net difference between projected and actual	125,932
Changes in proportion and differences between employer contributions and	
proportionate share of contributions	 21,868
Total	\$ 450,358

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

			neral Fund
Net	Position	Bala	ance Sheet
\$	-	\$	38,815
	7,127		-
	55,292		-
	7,447		-
\$	69,866	\$	38,815
	Net \$	7,127 55,292 7,447	<u>Net Position</u> Bala \$ - \$ 7,127 55,292 7,447

7. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has the following coverage:

General Liability	\$3,000,000 aggregate	\$1,000,000 each occurrence
Excess Liability	\$2,000,000	\$1,000,000 each occurrence
Public Entity Management Liability	\$2,000,000	\$1,000,000 each act
Law Enforcement Liability	\$2,000,000	\$1,000,000 each act
Employment Practice Liability	\$2,000,000	\$1,000,000 each act
Business Auto	\$1,000,000	
Workman's Compensation	Up to statutory limits	

In addition, the Town has property insurance which covers the Town's listed values for assets on the policy as well as flood and earthquake insurance with a coverage amount of \$2,000,000 with a \$50,000 deductible.

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

III. Detail Notes on All Funds (continued)

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$50,000. The Town carries commercial crime coverage for other financial risks. For example, the remaining employees that have access to funds are covered to a \$50,000 limit.

8. Claims, Judgments and Contingent Liabilities

At June 30, 2018, the Town was the recipient of an EEOC complaint. In the opinion of the Town's management and the Town attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

9. Long-Term Obligations

a. Changes in Long-Term Liabilities

	_	Beginning Balances	_	Increases	_	Decreases	-	Ending Balances	 Current Portion
Governmental Activities: Compensated absences Net pension liability (LGERS) Total pension liability (LEO)	\$	145,751 653,679 523,764	\$ _	159,619 - 688	\$	145,751 150,452 -	\$	159,619 503,227 524,452	\$ 159,619 - -
Total governmental activities long-term liabilities	\$_	1,323,194	\$_	160,307	\$_	296,203	\$_	1,187,298	\$ 159,619
Business-type Activities: Storm Water Fund Compensated absences Net pension liability (LGERS) Total Storm Water Fund	\$		\$	4,586 15,436 20,022	\$		\$	4,586 15,436 20,022	\$ 4,586 - 4,586
Total business-type activities long-term liabilities	\$_		\$_	20,022	\$_		\$_	20,022	\$ 4,586

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

III. Detail Notes on All Funds (continued)

b. Interfund Balance and Activity

Transfers to/from other funds at June 30, 2018 consist of the following:

From the General Fund to the Potter/Pleasant Plains Capital Project Fund for right-of-way acquisitions and services

\$ 1,293,465

Total

\$ 1,293,465

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

D. Fund Balance

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

Total Fund Balance - General Fund	<u>\$ 8,945,037</u>
Less:	
Stabilization by State Statute	601,599
Streets - Powell Bill	153,094
Drug Forfeiture Fund	126,493
Parks and Recreation	330,043
Chestnut Lane Roundabout	350,000
Subsequent Year Expenditures	1,550,000
Minimum Fund Balance Policy	2,478,150
Remaining Fund Balance	<u>\$ 3,355,658</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, 2018, the Town had the following encumbrances:

Governmental Activities: General Fund	\$	325,846
Total governmental activities	\$	325,846
Business-Type Activities:	¢	40 500
Storm Water Fund	\$	19,500
Total business-type activities	\$	19,500

III. Detail Notes on All Funds (continued)

E. Summary Disclosure of Commitments

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

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

F. Summary Disclosure of Significant Contingencies

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

G. Significant Effects of Subsequent Events

Management has evaluated subsequent events through October 8, 2018, the date the financial statements were made available to be issued. No subsequent events of note occurred during this period.

Required Supplementary Financial Data

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

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



Town of Stallings Proportionate Share of Net Pension Liability (Asset) Required Supplementary Information Last Four Fiscal Years From Inception and For the Fiscal Year Ended June 30, 2018

Local Government Employees' Retirement System

	 2018	 2017	 2016	 2015		2014
Stallings' proportion of the net pension liability (asset) (%)	0.03395%	0.0308%	0.0318%	0.0309%	(0.0306%
Stallings' proportion of the net pension liability (asset) (\$)	\$ 518,663	\$ 653,679	\$ 142,761	\$ (180,285)	\$	372,464
Stallings' covered payroll	\$ 2,055,502	\$ 1,800,336	\$ 1,692,841	\$ 1,625,913	\$	976,960
Stallings' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	25.23%	36.31%	8.43%	-11.09%		38.12%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	91.47%	98.09%	102.64%		94.35%

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

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

Local Government Employees' Retirement System

	 2018	 2017	 2016	 2015	 2014
Contractually required contribution	\$ 166,784	\$ 159,297	\$ 126,958	\$ 124,306	\$ 116,602
Contributions in relation to the contractually required contribution	 166,784	 159,297	 126,958	 124,306	 116,602
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Stallings' covered payroll	\$ 2,083,532	\$ 2,055,502	\$ 1,800,336	\$ 1,692,841	\$ 1,625,913
Contributions as a percentage of covered payroll	8.00%	7.75%	7.05%	7.34%	7.17%

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

Town of Stallings Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance June 30, 2018

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

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

Town of Stallings Schedule of Total Pension Liability as a Percentage of Covered Payroll Law Enforcement Officers' Special Separation Allowance June 30, 2018

	2018		2017
Total pension liability	\$	524,452	\$ 523,764
Covered payroll		1,062,451	1,191,875
Total pension liability as a percentage of covered payroll		49.36%	43.94%

Notes to the schedules:

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

Individual Fund Statements and Schedules



Town of Stallings Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - General Fund For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variance Positive (Negative)
Revenues:		, lotadi	(Hogdallo)
Ad valorem taxes:			
Taxes	\$ 3,857,000	\$ 3,905,408	
Penalties and interest	5,000	8,224	
Total	3,862,000	3,913,632	\$ 51,632
Other taxes and licenses:			
Gross receipts tax - vehicle rental	44,000	38,287	
Total	44,000	38,287	(5,713)
Unrestricted intergovernmental:			
Local option sales tax	1,136,000	1,189,871	
Utilities sales tax	810,000	820,997	
Beer and wine tax	70,000	68,417	
Total	2,016,000	2,079,285	63,285
Restricted intergovernmental:			
Powell Bill allocation	400,000	399,228	
Solid waste disposal tax	9,000	10,493	
Governor's Crime Commission Grant	, -	1,859	
Total	409,000	411,580	2,580
Permits and fees:			
Zoning fees	65,000	78,807	
Fees in Lieu of Park Land	50,000	-	
Civil citations	-	300	
Public safety fees	3,000	6,036	
Total	118,000	85,143	(32,857)
Sales and services:			
Rent	12,800	8,435	
Festival sales	5,000	6,252	
Total	17,800	14,687	(3,113)
Investment earnings	27,200	90,526	63,326
Miscellaneous:			
Insurance reimbursements	-	2,303	
Miscellaneous revenues	4,000	44,259	
Total	4,000	46,562	42,562
Total revenues	6,498,000	6,679,702	181,702

Schedule 1 cont

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, 2018

For the FISC			
	Budget	Actual	Variance Positive (Negative)
Expenditures:	Budgot	riotaar	(Hogdallo)
General government:			
Governing body:			
Salaries - elected officials		40,261	
		,	
Administration:			
Salaries and employee benefits		510,176	
Operating expenditures		293,625	
Contracted services		153,433	
Capital outlay		197,402	
Total	1,257,000	1,194,897	62,103
	.,,	.,,	,
Public safety:			
Police:			
Salaries and employee benefits		1,831,564	
Operating expenditures		304,178	
Contracted services		12,360	
Capital outlay		283,691	
Total	2,537,250	2,431,793	105,457
		<u> </u>	<u> </u>
Transportation:			
Streets and highways:			
Salaries and employee benefits		100,236	
Operating expenditures		122,718	
Contracted services		13,408	
Capital outlay		519,060	
Total	821,600	755,422	66,178
lotai	021,000	100,422	00,170
Environmental protection:			
Contracted services	948,300	906,820	41,480
Contracted Services	340,000	300,020	+1,-00
Economic and physical development:			
Salaries and employee benefits		165,730	
Operating expenditures		37,010	
Contracted services		276,157	
Capital outlay	ECO EOO	11,397	70,206
Total	560,500	490,294	70,206
Public works;			
Salaries and employee benefits		66,612	
Operating expenditures		32,304	
Contracted services		34,418	
Capital outlay		67,077	
Total	210,100	200,411	9,689
i otai	210,100	200,411	3,008
Cultural and recreation:			
Salaries and employee benefits		252,637	
Operating expenditures		217,840	
Capital outlay		73,194	
Total	662,000	543,671	118,329
	002,000	0-10,071	110,029

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, 2018

Schedule 1 cont

	Budget	Actual	Variance Positive (Negative)
Contingency	17,600	-	
Total	17,600	-	17,600
Total expenditures	7,014,350	6,523,308	491,042
Revenues over (under) expenditures	(516,350)	156,394	672,744
Other financing sources (uses):			
Transfer from General Fund	(1,330,000)	(1,293,465)	36,535
Total	(1,330,000)	(1,293,465)	36,535
Fund balance appropriated	1,846,350	-	(1,846,350)
Net change in fund balance	\$ -	(1,137,071)	\$ (1,137,071)
Fund balances, beginning Fund balances, ending		10,082,108 \$ 8,945,037	

Schedule 2

Town of Stallings Combining Balance Sheet Nonmajor Governmental Funds June 30, 2018

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

Town of Stallings Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2018

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

Schedule 4

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, 2018

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

Schedule 5

Variance

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, 2018

From inception and For th	ie Fiscal feat Ellue	u Julie 30, 201	0
		Actual	
	-		

	Project Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
NC DOT Spot Safety Grant	\$ 829,000	\$-	\$-	\$-	\$ (829,000)
Union County	300,000	-	-	-	(300,000)
Total Revenues	1,129,000				(1,129,000)
	<u> </u>				
Expenditures:					
Transportation	2,000,000	422,919	1,250,597	1,673,516	326,484
Total Expenditures	2,000,000	422,919	1,250,597	1,673,516	326,484
Revenues over (under) expenditures	(871,000)	(422,919)	(1,250,597)	(1,673,516)	(802,516)
Other financing sources:					
Transfer from General Fund	871,000	380,051	1,293,465	1,673,516	802,516
Total other financing sources	871,000	380,051	1,293,465	1,673,516	802,516
Net change in fund balance	\$-	\$ (42,868)	42,868	<u>\$ -</u>	<u>\$ -</u>
Total fund balance:					
Beginning of year, July 1			(42,868)		
End of year, June 30			\$ -		

Town of Stallings Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP) - Storm Water Fund For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variance Positive (Negative)		
Revenues:					
Residential and commercial fees		\$ 493,804			
Total revenues	\$ 480,000	493,804	\$ 13,804		
Expenditures:					
Salaries and employee benefits		92,012			
Other operating expenditures		79,266			
Capital Outlay		43,478			
Total expenditures	480,000	214,756	265,244		
Revenues over (under) expenditures		279,048	279,048		
Fund balance appropriated					
Expenditures over revenues	<u>\$ -</u>	279,048	\$ 279,048		
Reconciliation from budgetary basis (modified accrual) to full accrual:					
Reconciling items:					
Capital outlay		43,478			
Depreciation		(2,866)			
		· · · · · · · · · · · · · · · · · · ·			

Cupital Callay	10,110
Depreciation	(2,866)
Increase in deferred outflows of resources - pensions	12,456
Increase in net pension liability	(15,436)
Increase in deferred inflows of resources - pensions	(659)
Increase in accrued vacation pay	 (4,586)
Change in net position	\$ 311,435

Other Schedules



Town of Stallings Schedule of Ad Valorem Taxes Receivable June 30, 2018

Schedule 7

Uncollected Uncollected Balance Collections Balance Additions **Fiscal Year** June 30, 2017 And Credits June 30, 2018 2017-2018 \$ -\$ 3,901,677 \$ 3,895,482 \$ 6,195 2016-2017 12,464 9,742 2,722 2015-2016 4,523 2,273 2,250 _ 2014-2015 3,773 43 3,730 _ 2013-2014 2,577 13 2,564 2012-2013 1,098 1,098 -2011-2012 523 44 479 2010-2011 938 938 _ 2009-2010 606 606 _ _ 2008-2009 18,233 18,233 _ 2007-2008 317 317 -\$ 45,052 38,815 \$ 3,901,677 \$ 3,907,914 \$

Reconciliation with revenues:

Ad valorem taxes - General Fund Amounts written off per Statute of Limitations	\$ 3,913,632 317
Interest and penalties collected Adjustments	(8,224) 2,189
Total collections and credits	\$ 3,907,914

Schedule 8

Town of Stallings Analysis of Current Tax Levy Town-Wide Levy June 30, 2018

			Total Levy				
	 Town Property Valuation	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles				
Original levy: Property taxed at current rate	\$ 1,621,851,257	\$ 0.215	\$ 3,494,202	\$ 3,494,202	\$ -		
Registered motor vehicles Total	 188,559,128 1,810,410,385	0.215	<u>402,324</u> 3,896,526	3,494,202	<u>402,324</u> 402,324		
Discoveries	4,216,823	0.215	14,127	14,127	-		
Releases Total property valuation	\$ (3,700,744) 1,810,926,464	0.215	(8,976)	(8,976)			
Net levy			3,901,677	3,499,353	402,324		
Uncollected taxes at June 30, 2017			(6,195)	(5,051)	(1,144)		
Current year's taxes collected			\$ 3,895,482	\$ 3,494,302	\$ 401,180		
Current levy collection percentage			99.84%	99.86%	99.72%		

TOWN OF STALLINGS, NORTH CAROLINA

STATISTICAL SECTION

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

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	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



Financial Trends



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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Primary government										
Governmental Activities Net investment in capital assets Restricted Unrestricted Total Net Position	\$ 11,230,653 607,519 6,121,014 17,959,186	\$ 11,235,157 	\$ 22,711,108 560,270 6,550,545 29,821,923	\$ 23,143,705 544,028 <u>4,958,937</u> 28,646,670	\$ 21,382,155 399,027 <u>5,511,994</u> 27,293,176	\$ 19,006,919 649,079 <u>6,598,559</u> 26,254,557	\$ 20,423,290 635,132 7,529,109 28,587,531	\$ 18,692,634 931,408 8,072,675 27,696,717	\$ 17,494,027 1,286,181 8,041,878 26,822,086	\$ 15,238,157 881,186 7,305,426 23,424,769
Business-type Activities Net investment in capital assets Restricted Unrestricted Total Net Position		<u></u>	299,734 299,734		<u> </u>	 	606,727 606,727	<u> </u>	63,680 - <u>881,418</u> 945,098	104,293
Total primary government net position	<u>\$ 18,281,280</u>	<u>\$ 17,770,200</u>	<u>\$ 30,121,657</u>	<u>\$28,968,861</u>	<u>\$ 27,687,056</u>	<u>\$ 26,553,986</u>	<u>\$ 29,194,258</u>	<u>\$ 28,396,547</u>	<u>\$ 27,767,184</u>	<u>\$ 24,681,302</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 896,573	\$ 970,323	\$ 923,909	\$ 934,876	\$ 424,898	\$ 952,887	\$ 977,476	\$ 1,089,163	\$ 1,167,904	\$ 1,068,861
Public safety	1,913,001	1,940,871	1,791,967	1,787,983	2,001,411	1,886,133	1,859,414	2,046,085	2,234,108	2,318,412
Transportation	352,900	1,204,617	2,317,123	2,774,386	2,954,697	2,836,426	2,696,181	3,160,071	3,204,115	4,461,415
Economic and physical development	236,659	210,325	253,791	225,086	219,862	227,831	139,329	195,538	352,857	483,469
Environmental protection	997,212	998,198	1,010,447	808,458	832,879	859,831	903,601	912,934	885,217	906,820
Cultural and recreation	96,811	140,266	138,438	120,499	776,752	509,513	479,700	564,240	624,931	689,156
Public works	-	-	-	-	-	-	-	-	-	138,979
Interest on long term debt	42,452	38,937	36,066	23,123	1,218	-	-	-	-	-
Business-type activities:										
Stormwater	113,243	392,876	81,008	212,827	164,700	331,544	167,320	388,383	243,248	182,369
Total primary government expenses	4,648,851	5,896,413	6,552,749	6,887,238	<u>\$ 7,376,417</u>	\$ 7,604,165	\$ 7,223,021	\$ 8,356,414	\$ 8,712,380	<u>\$ 10,249,481</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,625	-	-	-	-	1,200	1,100	800	-	300
Public safety	4,403	5,037	3,217	6,561	8,693	6,515	5,429	6,219	3,345	4,036
Economic and physical development	21,288	19,114	13,541	21,508	31,499	41,820	82,049	96,409	62,855	78,807
Environmental protection	-		-	1,003	-	-	-	-	-	-
Cultural and recreation	-	4,111	2,505	-	17,634	151,872	75,390	62,066	124,881	14,687
Business-type activities:										
Stormwater	214,101	223,549	227,489	235,087	236,244	236,949	474,505	481,394	488,516	493,804
Operating grants and contributions:										-
General government	-		-	-				-	-	-
Public safety	-	25,520	2,473	973	63,962	156,468	29,827	505,762	39,889	1,859
Economic and physical development	-	-	-	9,009	8,012	-	-	-	-	-
Environmental protection	-	-	-	-	-	8,086	8,068	11,994	10,407	10,493
Cultural and recreation	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	347,052	360,731	368,285	375,211	558,002	393,611	399,228
Interest on long term debt	-	-	294,922	-	-	-	-	-	-	-
Capital grants and contributions:										
General government Cultural and recreation	- 5.094	-	-	-	- 3,750	-	-	-	- 14,200	-
	,	-	-	-	3,750	-	-	-	14,200	-
Public works	23,562	-	-	-	-		-	-	-	-
Public safety	-	-	-	-	-	6,200	46,701	-	-	-
Transportation	8,304,534	292,559	<u> </u>		94,919	35,774	3,371,018		1,119,132	
Total governmental activities program revenues	8,574,607	569,890	544,147	621,193	825,444	1,013,169	4,469,298	1,722,646	2,256,836	1,003,214
Net (expense)/revenue										
Total governmental activities net (expense)/revenue	3,925,756	(5,326,523)	(6,008,602)	(6,266,045)	(6,550,973)	(6,590,996)	(2,753,723)	(6,633,768)	(6,455,544)	(9,246,267)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes										
in Net Position										
Governmental activities:										
Taxes:										
Property taxes	3,416,810	3,374,941	3,452,532	3,504,671	3,534,525	3,677,957	3,697,772	3,705,616	3,819,553	3,909,481
Other taxes and licenses	1,454,018	1,402,629	1,512,423	1,609,637	1,673,985	1,734,024	1,912,084	2,016,977	2,056,061	2,117,572
Unrestricted intergovernmental revenues	-	-	-	-	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	-	-	13,298,648	-	-	-	-	-	-	-
Unrestricted investment earnings	113,196	26,689	22,126	13,269	10,320	8,587	7,348	15,849	35,226	86,035
Restricted investment earnings	15,677	1,595	907	1,611	450	41	122	1,541	1,885	4,491
Miscellaneous	21,496	9,589	73,423	12,036	47,571	37,317	36,629	35,824	151,590	35,977
Gain / Loss on sale of capital assets	(110,012)			(27,975)	2,317		(4,100)	60,250	7,062	6,829
Total governmental activities general revenues	4,911,185	4,815,443	18,360,059	5,113,249	5,269,168	5,457,926	5,649,855	5,836,057	6,071,377	6,160,385
Change in Net Position										
Governmental activities	8,734,613	(342,024)	12,204,761	(1,175,253)	(1,353,494)	(1,038,619)	2,588,834	(890,814)	(629,435)	(3,397,317)
Business-type activities	102,328	(169,056)	146,696	22,457	71,689	(94,451)	307,298	93,103	245,268	311,435
Net position-beginning	9,444,339	18,281,280	17,770,200	30,121,657	28,968,861	27,687,056	26,553,986	29,194,258	28,396,547	27,767,184
Restatement							(255,860)		(245,196)	
Net position-ending	\$ 18,281,280	\$ 17,770,200	\$ 30,121,657	\$ 28,968,861	\$ 27,687,056	\$ 26,553,986	\$ 29,194,258	\$ 28,396,547	\$ 27,767,184	\$ 24,681,302

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund Non-spendable										
Prepaids	\$-	\$-	\$ 19,275	\$ 17,624	\$ 196	\$ 754	\$ 135,406	\$ 26,288	\$-	\$-
Restricted										
Stabilization by State Statute	313,671	248,271	227,547	195,700	228,966	211,796	249,413	285,214	667,933	601,599
Streets - Powell Bill	607,519	-	189,356	348,328	170,061	373,424	320,121	251,888	313,445	153,094
Drug Forfeiture	-	-	-	-	-	63,859	65,598	394,306	304,803	126,493
Committed										
Law Enforcement Separation Allowance	74,672	102,995	143,367	144,573	164,203	182,235	212,056	243,427	-	-
Parks and Recreation	-	-	-	-	68,200	122,605	129,881	223,263	330,043	330,043
Chestnut Lane Roundabout	-	-	-	-	-	-	-	-	-	350,000
Assigned										
Designated for subsequent year's expenditures	500,000	-	507,300	494,243	1,239,200	1,615,000	200,000	1,266,000	1,000,000	1,550,000
Minimum fund balance requirement	-	-	-	-	-	-	-	2,211,600	2,249,400	2,478,150
Unassigned										
Designated for parks improvements	108,253	108,360	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	108,360	-	-	-	-	-	-	-
Unassigned	5,224,493	4,583,365	4,772,512	4,649,187	4,253,239	4,925,945	7,249,940	4,533,650	5,216,484	3,355,658
Total General Fund	\$ 6,828,608	\$ 5,042,991	\$ 5,967,717	\$ 5,849,655	\$ 6,124,065	\$ 7,495,618	\$ 8,562,415	\$ 9,435,636	\$10,082,108	\$ 8,945,037
All Other Governmental Funds Reserved for:										
Capital projects	-	1,500,000	1,309,281	(165,907)	-	(28,340)	640		(42,868)	
Total all other governmental funds	\$ -	\$ 1,500,000	\$ 1,309,281	\$ (165,907)	<u>\$</u> -	\$ (28,340)	\$ 640	\$-	\$ (42,868)	\$ -

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Ad valorem taxes	\$ 3,395,93	9 \$ 3,388,432	\$ 3,448,134	\$ 3,499,611	\$ 3,544,630	\$ 3,672,03	3 \$ 3,695,103	\$ 3,720,553	\$ 3,817,785	\$ 3,913,632
Other taxes and licenses	997,31	1 797,567	807,645	892,407	934,963	3 74,28	1 80,587	38,209	42,555	38,287
Unrestricted intergovernmental	453,29	7 596,662	696,450	717,230	739,022	1,659,74	3 1,831,497	1,978,768	2,013,506	2,079,285
Restricted intergovernmental	329,01	,	305,723	357,034	,	, ,	, ,	1.075.758	507,625	411,580
Permits and fees	23,65		22,692	28,069				145,173	180,042	85,143
Rental income			,	,		-		-	-	-
Fees in lieu of park land			-	-		-		-	-	-
Sales and services	1,62	5 4,111	-	-		- 21,96	7 23,777	20,321	18,101	14,687
Investment earnings	127,40	,	22,818	14,683	10,625	,	,	17,298	37,111	90,526
Miscellaneous	23,53		70,904	35,563				96,070	151,590	46,562
	5,351,77		5,374,366	5,544,597				7,092,150	6,768,315	6,679,702
Total revenues	0,001,77	5 5,175,004	5,374,300	5,544,597	5,775,408	0,100,10	4 0,274,948	7,092,150	0,700,315	0,079,702
Expenditures										
General government	814,22		850,471	849,474				1,151,216	1,088,485	997,495
Public safety	1,586,01		1,637,899	1,698,141	1,892,499		, ,	1,841,215	2,083,637	2,148,102
Transportation	203,32	,	345,731	396,646		,	4 380,415	1,524,683	351,139	1,486,959
Environmental protection	997,21	2 998,198	1,010,447	808,458	832,879	859,83	1 903,601	912,934	885,217	906,820
Economic and physical development	226,25	3 210,325	253,791	225,086	219,862	2 227,83	1 146,378	193,851	348,067	478,897
Culture and recreation	89,41	1 168,954	306,402	2,187,083	633,693	3 332,13	2 483,064	385,890	577,026	470,477
Public works			-	-		-		-	-	133,334
Debt service:										
Principal	195,89	3 172,776	180,900	821,055	19,958	3		-	-	-
Interest	42,45	2 38,937	36,066	23,123	1,218	3		-	-	-
Capital outlay:										
General government	74,83	3 -	-	-		-	- 6,600	-	17,260	197,402
Public safety	282,38	1 83,608	78,599	128,781	83,587	7 100,40	5 130,282	209,780	202,206	283,691
Transportation	457,86	5 949,199	-	-	271,466	6	- 395,143	-	611,674	519,060
Economic and physical development	10,40	- 6	-	-		-		-	-	11,397
Culture and recreation		- 50,632	-	-		-	- 5,514	-	-	73,194
Public works			-	-		-		-	-	67,077
Total expenditures	4,980,28	3 5,594,861	4,700,306	7,137,847	5,333,092	4,842,89	1 5,184,685	6,219,569	6,164,711	7,773,905
Excess of revenues over (under) expenditures	371,49	2 (419,857)	674,060	(1,593,250) 440,317	7 1,343,21	3 1,090,263	872,581	603,604	(1,094,203)
	571,45	(419,007)	074,000	(1,595,250) 440,317	1,040,21	5 1,090,205	072,501	003,004	(1,094,203)
Other financing sources (uses)										
Debt issued, capalized leases	109,61	2 83,608	59,947	-		-		-	-	-
Sale of capital assets	20,84	7 -	-	-		-		-	-	-
Total other financing sources (uses)	130,45		59,947			-				
					· · · · · · · · · · · · · · · · · · ·					
Net change in fund balances	\$ 501,95	<u>1 </u>	\$ 734,007	\$ (1,593,250) <u>\$ 440,317</u>	<u> </u>	<u>3</u> <u>\$ 1,090,263</u>	\$ 872,581	\$ 603,604	<u>\$ (1,094,203)</u>
_										
Debt services as a percentage of noncapital				10 00	,			0.00	0.00	0.001
expenditures	<u>5.2</u>	<u>% 3.8%</u>	<u>4.7%</u>	<u>12.0%</u>	<u>0.49</u>	<u>6 0.0</u>	<u>%</u> <u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>



Revenue Capacity



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

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Companies (2)	Total Taxable Assessed Value	Total Direct Tax Rate
Combined Union and	Mecklenburg County Tota	als			
2009	1,361,421,091	171,875,330	8,080,946	1,541,377,367	0.2150
2010	1,380,405,576	182,162,929	8,113,821	1,570,682,326	0.2150
2011	1,405,041,901	176,742,817	8,867,905	1,590,652,623	0.2150
2012	1,420,233,443	189,595,684	9,291,869	1,619,120,996	0.2150
2013	1,430,354,526	194,698,238	9,427,663	1,634,480,427	0.2150
2014	1,438,030,285	196,698,346	9,348,114	1,644,076,745	0.2150
2015	1,461,772,631	230,965,801	9,463,114	1,702,201,546	0.2150
2016	1,452,616,040	245,996,742	13,627,783	1,712,240,565	0.2150
2017	1,472,717,521	272,915,725	13,038,408	1,758,671,654	0.2150
2018	1,510,202,727	284,051,810	16,671,927	1,810,926,464	0.2150

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

		2009		2010		2011		2012		2013		2014		2015		2016		2017	 2018
Mecklenburg County Union County	\$ \$	0.8387 0.6650	\$ \$	0.000.	\$ \$	0.8387 0.6650	\$ \$	0.8166 0.6650	\$ \$		\$ \$	0.8157 0.6600	\$ \$		\$ \$		\$ \$	0.8157 0.7665	
Municipality Rates: Town of Stallings		0.2150		0.2150		0.2150		0.2150		0.2150		0.2150		0.2150		0.2150		0.2150	0.2150

Source: Tax Association for respective entities Rate per \$100.00 of assessed valuation

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

		Fisc	Fiscal Year 2018			Fiscal Year 2009			
		Taxable Assessed		Percentage of Total Taxable Assessed	Taxable Assessed		Percentage of Total Taxable Assessed		
Taxpayer	Type of Business	Value	Rank	Value	Value	Rank	Value		
Berry Global Films, LLC (formerly AEP Industries Inc)	Manufacturer	28,716,816	1	1.59%	27,112,773	1	1.76%		
T&C of NC LLC	Automotive Showroom	15,512,400	2	0.86%	8,767,500	5	0.57%		
Idlewild Phase 1 Retail Investors LLC	Retail/Shopping Center	10,289,600	3	0.57%	8,796,740	4	0.57%		
Triangle Prop Assoc LLC Et Al	Retail/Shopping Center	9,000,000	4	0.50%	10,983,750	2	0.71%		
Keywell Metals LLC	Manufacturer	8,236,221	5	0.45%	-	-	-		
McGee Corporation	Corporate Headquarters	6,866,800	6	0.38%	7,747,830	7	0.50%		
SMB of Greenville II LLC	Research	6,409,800	7	0.35%	-	-	-		
CT-Idlewild LLC	Retail/Shopping Center	5,940,800	8	0.33%	-	-	-		
Hallmark Properties VI Et Al	Retail Development	5,658,700	9	0.31%	10,081,460	3	0.65%		
Calatlantic Group, Inc.	Residental Construction	5,262,045	10	0.29%	-	-	-		
CEM Limited LLC	Corporate Headquarters	-	-	-	4,968,620	9	0.32%		
Crosland Fairhaven LLC	Retail Development	-	-	-	8,465,600	6	0.55%		
FATV	Business Development	-	-	-	5,714,970	8	0.37%		
Mak Corporation of Monroe	Hotel		-		4,951,430	10	<u>0.32</u> %		
Total		\$ 101,893,182		5.63%	\$ 97,590,673		6.33%		

Source: Union County Office of the Tax Collector

N.C. Department of Revenue, Property Tax Division, Public Utilities

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

Fiscal Year Ended	Total Levy for Fiscal Year		ected within the I Year of the Levy	Collections in	Tota	I Collections to Date
June 30	(Original Year)	Amount	Percentage of Original Levy	Subsequent Years	Amount	Percentage of Adjusted Levy
2009	3,434,692	3,367,109	98.03%	45,091	3,412,200	99.35%
2010	3,376,967	3,344,100	99.03%	32,261	3,376,361	99.98%
2011	3,454,918	3,412,169	98.76%	41,811	3,453,980	99.97%
2012	3,496,478	3,452,016	98.73%	44,183	3,496,199	99.99%
2013	3,535,481	3,503,286	99.09%	31,638	3,534,924	99.98%
2014	3,658,098	3,623,590	99.06%	31,944	3,655,534	99.93%
2015	3,688,886	3,664,902	99.35%	20,254	3,685,156	99.90%
2016	3,698,728	3,683,588	99.59%	12,890	3,696,478	99.94%
2017	3,817,650	3,805,186	99.67%	9,742	3,814,928	99.93%
2018	3,901,677	3,895,482	99.84%	-	3,895,482	99.84%

Source: Town of Stalling Tax Records and Audited Financial Statements

Debt Capacity



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

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (1)	Percentage of Personal Income
2009		0.00%		
2010	<u>-</u>	0.00%	-	-
2011	-	0.00%	-	-
2012	-	0.00%	-	-
2013	-	0.00%	-	-
2014	-	0.00%	-	-
2015	-	0.00%	-	-
2016	-	0.00%	-	-
2017	-	0.00%	-	-
2018	-	0.00%	-	-

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

	Govern	mental Activities			
Fiscal Year	Capital Leases	Notes Payable/ Installment Purchase	Total Primary Government	Per Capita	Percentage of Per Capita Income
2009	83,135	968,000	1,051,135	85	0.34%
2010	90,767	871,200	961,967	70	0.28%
2011	66,614	774,400	841,014	59	0.24%
2012	19,959	-	19,959	1	0.01%
2013	-	-	-	-	0.00%
2014	-	-	-	-	0.00%
2015	-	-	-	-	0.00%
2016	-	-	-	-	0.00%
2017	-	-	-	-	0.00%
2018	-	-	-	-	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, 2018

Governmental Unit	Debt Outstanding (a)	Estimated Percentage Applicable (b)	Estimated Share of Direct and Overlapping Debt		
<i>Towns:</i> Stallings (1)	\$ <u>-</u>	100.00%	<u>\$</u>		
Counties:					
Union County (2)	376,804,474	7.01%	26,412,261		
Mecklenburg County (3)	1,648,855,015	0.03%	459,446		
Total direct and overlapping debt	\$ 2,025,659,489		\$ 26,871,707		

Sources:

(1) North Carolina Department of Revenue LG55 Report

(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 (\$1,775,536,903) and Union County (\$25,330,290,989). Determined by ratio of assessed value of taxable property in the Town of Stallings (\$35,389,561) and Mecklenburg County (\$127,005,628,383).
- (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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed Value of Property	\$ 1,373,876,800	\$ 1,570,682,326	\$ 1,606,937,321	\$ 1,626,361,860	\$ 1,644,409,767	\$ 1,701,440,931	\$ 1,715,760,925	\$ 1,765,952,773	\$ 1,758,671,654	\$ 1,810,926,464
Debt Limit, 8% of Assessed value (Statutory Limitation)	109,910,144	125,654,586	128,554,986	130,108,949	131,552,781	136,115,274	137,260,874	141,276,222	140,693,732	144,874,117
Debt applicable to debt limitations: Capital Leases Notes Payable/Installment Purchases	83,135 968,000	90,767 871,200	66,614 774,400	19,959 -	:	-	-	-	:	-
Statutory Deductions Total debt applicable to limitations Legal debt limit	83,135 968,000 108,859,009	90,767 871,200 124,692,619	66,614 774,400 127,713,972	19,959 - 130,088,990	- - 131,552,781	- - 136,115,274	- - 137,260,874	- - 141,276,222	- - 140,693,732	- - 144,874,117
Total net debt applicable to the limit as a percentage of debt limit	<u>0.88%</u>	<u>0.69%</u>	<u>0.60%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<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.

Demographic and Economic Information



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

		Total	Per Capita	Public		Town Median	
Fiscal Year	Population (1)	Personal Income (2)	Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)	Household Income (1)	Median Age (1)
2009	12,430	6,852,783	34,517	641	11.0%	41,906	36.8
2010	13,831	7,024,489	34,745	619	10.1%	43,830	37.2
2011	14,224	7,517,483	36,601	647	9.6%	45,206	37.3
2012	14,396	8,262,010	39,646	648	8.6%	41,553	37.5
2013	14,472	8,383,516	39,415	593	8.0%	46,337	37.6
2014	14,968	8,997,563	41,166	590	6.2%	46,784	37.7
2015	14,777	9,726,906	43,669	579	5.3%	79,663	38.2
2016	15,270	-	-	571	5.2%	77,374	41.3
2017	15,515	-	-	545	3.8%	78,891	41.2
2018	15,647	-	-	576	3.7%	80,858	40.7

Sources:

1 United State Census Bureau

2 United States Department of Commerce, Bureau of Economic Analysis

3 Union County Public School, Areavibes for Stallings Elementary School

4 North Carolina Department of Commerce, Labor & Econcomic Analysis Division

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

	2018			2009		
	Employees	Rank	Percentage of Total <u>Employment</u>	Employees	Rank	Percentage of Total <u>Employment</u>
Berry Plasics (formerly AEP Industries)	300	1	21.66%	-	-	0.00%
Scott Clark Toyota	281	2	20.29%	-	-	0.00%
CEM Corporation	200	3	14.44%	-	-	0.00%
McGee Corporation	110	4	7.94%	-	-	0.00%
MMDi	104	5	7.51%	-	-	0.00%
Harris Teeter - Idlewild	93	6	6.71%	-	-	0.00%
Stallings Elementary School	80	7	5.78%	-	-	0.00%
Harris Teeter - Stevens Mill	76	8	5.49%	-	-	0.00%
International Construction Equipment	76	9	5.49%	-	-	0.00%
Mario's Pizza/John's Place	65	10	4.69%	-	-	0.00%

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



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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function										
General government	11	12	12	12	11	11	10	12	11	15
Public safety	25	24	23	25	25	25	25	25	26	26
Cultural and recreation	1	1	1	2	3	4	4	3	4	3
Total	37	37	36	39	39	40	39	40	41	44

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function/Program										
Parks and recreation										
Park facility	1	2	2	2	2	2	2	2	2	3
Park acreage	9.3	33.5	33.5	33.5	33.5	33.5	33.5	33.5	37.0	37.3
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Sworn officers	21	21	21	21	22	22	22	20	23	23
Civilians - Full-time	2	2	3	3	3	3	3	3	3	3
Patrol vehicles - marked	18	18	18	18	18	19	20	21	20	22
Patrol vehicles - unmarked	5	5	6	6	6	6	5	5	5	4
Public Works										
Town - maintained streets	34	34	44	44	44	44	51	51	53	53
Sidewalks	-	-	-	-	-	18	19	20	21	21

Sources: Asset records for departments of the Town

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Functional Area										
General Government										
Tax collection rate	98.03%	99.03%	98.76%	98.73%	99.09%	99.06%	99.35%	99.59%	99.67%	99.84%
Culture and Recreation										
Attendance at all events/programs/classes	700	2,085	1,225	7,595	7,400	5,965	8,835	11,345	18,166	12,632
Total of events/programs/classes	5	8	4	11	17	21	14	49	173	59
Public Safety										
Calls for service	10,215	8,810	8,721	12,506	11,622	12,371	12,836	11,402	11,166	9,976
Arrests	262	307	326	374	341	307	232	198	168	206
Citations Issued	1,897	2,185	1,808	3,396	2,458	2,183	1,737	1,447	1,754	1,117
Community/Proactive Events	-	-	-	18,223	19,553	21,164	21,821	23,929	30,262	34,598
Public Works										
Miles of Streets/Sidewalks										
Town-maintained	34	34	44	44	44	44	51	51	53	53
Sidewalks	-	-	-	-	-	18	19	20	21	21
Economic and Physical Development										
Zoning Permit Activity	291	300	236	230	225	358	325	306	223	514

Sources: Annual reports from various departments of the Town



Compliance Section





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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stallings, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statement, which collectively comprises the Town of Stallings' basic financial statements, and have issued our report thereon dated October 8, 2018.

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,

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material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. 2018-1

Compliance and Other Matters

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

Purpose of this Report

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

Collins Boike & Moore, PA

Monroe, North Carolina October 8, 2018



Report On Compliance for Each Major State Program; Report On Internal Control Over Compliance; In Accordance with OMB Uniform Guidance: and the State Single Audit Implementation Act

Independent Auditors' Report

To the Honorable Mayor and Members of the 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, 2018. 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 state statutes, regulations, and the terms and conditions of its state awards 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 Audit 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

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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 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, 2018.

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 combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that a 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 a combination of deficiencies, in internal control over compliance 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 a 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 October 8, 2018

TOWN OF STALLINGS SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2018

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance to GAAP:	Unmodified		
Internal control over financial reporting:Material weaknesses identified?	Yes	X	No
• Significant deficiency(s)?	X Yes		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)?	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

Section II. Financial Statement Findings

Finding: 2018-1 Failure to Use Preaudit Certificate

Significant Deficiency

Criteria: In accordance with North Carolina General Statutes 115C-441, if an obligation of the Town is evidenced by a contract or agreement requiring the payment of money or by a purchase order for supplies and materials, the contract or purchase order shall include on its face a certificate stating that the instruments have been preaudited to ensure that sufficient funds have been appropriated and available in the current fiscal year to cover the sums obligated by the transaction for the current fiscal year. The preaudit certificate, which shall be signed by the finance officer, shall take substantially the following form "This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act."

Condition: Several invoices were noted during cash disbursement testing and other areas of testing that did not have the preaudit certificate.

Effect: The Town was in violation of the statute which could result in over spending the current year budget.

Cause: No internal controls were in place to ensure compliance.

Recommendation: The finance officer should implement internal control procedures that will ensure the preaudit certificate is placed on every invoice prior to payment.

Views of responsible officials and planned corrective actions: The Village agrees with this finding and they will come up with a procedure to ensure the preaudit certificate is included on all invoices. Please refer to the corrective action plan to follow.

Section III. State Award Findings and Questioned Costs

None reported.

TOWN OF STALLINGS CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2018

Section II. Financial Statement Findings

Finding: 2018-1

Name of contact person: Marsha Gross, Finance Officer

Corrective Action: The Town will implement a change in internal control to include invoice review for pre-audit certificate and approval by the Finance Officer or designated employee in the Finance Officer's absence before checks are printed.

Proposed Completion Date: October 1, 2018

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

None

Town of Stallings Schedule of Expenditures of Federal and State Awards For the Year Ended June 30, 2018

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Pass-through to subrecipients	Local Expenditures
Federal Awards:					
<u>US Department of Justice</u> Passed-through the NC Department of Public Safety Governor's Crime Commission Edward Byrne Memorial Justice Assistance Grant Program - 2016	16.738	<u> </u>	<u>-</u>	<u> </u>	<u>-</u>
JAG Program: Bulletproof Vest Partnership	16.607	905			848
Total Assistance - Federal Programs		2,764	-	1,859	848
State Grants:					
N.C. Department of Transportation Powell Bill	n/a		511,004		
Total Assistance - State Programs			511,004		<u> </u>
Total Federal and State Assistance		\$ 2,764	\$ 511,004	\$ 1,859	\$ 848

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

1. Basis of Presentation

The accompanying scheule 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, 2018. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Stallings, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Stallings.

2. Summary of Significant Accounting Policies

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





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