



North Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2020



**TOWN OF STALLINGS
NORTH CAROLINA**

**Comprehensive Annual
Financial Report**

**For the Fiscal Year
Ended June 30, 2020**

**Prepared By
Finance Team**



TOWN OF STALLINGS NORTH CAROLINA

List of Principal Elected Officials Fiscal Year Ended June 30, 2020

Town Council

Wyatt Dunn - **Mayor**

Linda Paxton - **Mayor Pro Tempore**

Steven Ayers

Heather Grooms

John Martin

Brad Richardson

David Scholl



TOWN OF STALLINGS, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

Table of Contents

		Page
INTRODUCTORY SECTION		
	Letter of Transmittal	i-v
	GFOA's Certificate of Achievement for Excellence in Financial Reporting	vi
	Appointed and Administrative Positions	vii
	Boards and Committees	viii-x
	Area Map	xi
	Organizational Charts	xii-xiii
FINANCIAL SECTION		
	Independent Auditors' Report	1-2
	Management's Discussion and Analysis	3-16
	Basic Financial Statements	
Exhibit	Government-wide Financial Statements:	
1	Statement of Net Position	17
2	Statement of Activities	18
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	19
4	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	21
6	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22

TOWN OF STALLINGS, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

Table of Contents

		Page
7	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	23
8	Statement of Fund Net Position - Proprietary Fund	24
9	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	25
10	Statement of Cash Flows - Proprietary Fund	26
	Notes to Financial Statements	27-49
	Required Supplemental Financial Data:	
	Schedule of the Proportionate Share of the Net Pension Liability (Asset) - Local Government Employees' Retirement System	50
	Schedule of Contributions – Local Government Employees' Retirement System	51
	Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance	52
	Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officers' Special Separation Allowance	53
	Individual Fund Statements and Schedules:	
Schedule		
1	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	54-56
2	Combining Balance Sheet – Nonmajor Governmental Funds	57
3	Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	58
4	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Stallings Municipal Park - Capital Project Fund	59

TOWN OF STALLINGS, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

Table of Contents

		Page
5	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Potter/Pleasant Plains Intersection Improvement - Capital Project Fund	60
6	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – New Town Hall Building and Public Works Building – Capital Project Fund	61
7	Schedules of Revenues and Expenditures - Budget and Actual (non-GAAP) - Storm Water Fund	62
	Other Schedules:	
8	Schedule of Ad Valorem Taxes Receivable	63
9	Analysis of Current Tax Levy - Town-Wide Levy	64
	STATISTICAL SECTION	
	Financial Trends:	
	Net Position by Component	65
	Changes in Net Position	66-67
	Fund Balances, Governmental Funds	68
	Changes in Fund Balances, Governmental Funds	69
	Revenue Capacity:	
	Assessed Value and Estimated Actual Value of Taxable Property	70
	Direct and Overlapping Property Tax Rates	71
	Principal Property Taxpayers	72
	Property Tax Levies and Collections	73
	Debt Capacity:	
	Ratios of General Bonded Debt Outstanding	74
	Ratio of Outstanding Debt by Type	75
	Direct and Overlapping Governmental Activities Debt	76
	Legal Debt Margin Information	77
	Demographic and Economic Information:	
	Demographic and Economic Statistics	78
	Principal Employers	79

TOWN OF STALLINGS, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

Table of Contents

	Page
Operation Information:	
Full-Time Equivalent Town Government Employees by Function	80
Capital Asset Statistics by Function	81
Operating Indicators by Function	82
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 <i>Government</i> <i>Accounting Standards</i>	83-84
Schedule of Findings and Questioned Costs	85-86
Schedule of Prior Year Findings	87

INTRODUCTORY SECTION

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





Town of
Stallings

315 Stallings Road • Stallings, North Carolina 28104

October 26, 2020

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, 2020. The CAFR consists of financial statements and supplemental statements. State law requires that each local governmental unit have its accounts audited by an independent certified public accountant. The Town's audit was conducted by Potter & Company, P.A., CPAs. The firm's unmodified opinion on the statements is included in the Financial Section of this report. As required by accounting standards, the financial statements are management's representation of the Town's finances, and management assumes full responsibility for the completeness and reliability of all the information presented. To provide a reasonable basis for making these representations, management has established an internal control framework to protect the Town's assets from theft, fraud, or misuse. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

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

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

PROFILE OF THE GOVERNMENT

The Town covers an area of 8.16 square miles and runs along the border between Union and Mecklenburg county. The vast majority of the Town is in Union County, with 110 additional parcels located in Mecklenburg County. Interstate 485, a highway loop encircling Charlotte, has four interchanges on the Town's western border. U.S. Route 74, which runs from Chattanooga, Tennessee to the Atlantic Ocean, as well as the Monroe Expressway bisects the Town.

The Town has a Council-Manager form of government. The Town Council consists of six members who represent districts but are elected at large by all citizens regardless of the district in which they live. Additionally, the Mayor is elected on an at-large basis. Council members and the

Mayor are elected to four-year terms. Primary duties of the Council are to adopt the annual budget, enact policies concerning Town operations, develop long-term plans to guide the Town's future, and to appoint members of boards and committees.

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

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

HISTORY OF STALLINGS

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

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

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

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

Growth throughout the next twenty-five years was steady, due primarily to the increasing population of Charlotte. The Charlotte suburban areas and towns evolved creating new developments in all directions, and the population of Stallings rose from 1,826 in 1980 to 3,189 in 2000. Town staff grew from one part-time to eight full-time employees. In 1999, the first Town Administrator was hired.

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

Stallings Municipal Park underwent a complete renovation from 2011 to 2013. The Town's first interactive water feature quickly turned into the highlight of the park. Since these additions, the Town continues to win state and local awards for its design and popularity. The Parks and Recreation Department hosts a wide variety of events, including Stallings Fest (the Town's signature event), Christmas in the Park event, concerts in the park, Easter egg hunts, movie nights and other programs for children of all ages.

In 2018, the Town again needed additional administrative space to be able to provide the growing level of services. In addition, the Civic Building had become obsolete and Council approved to replace the building with two new buildings on the existing site. The new Public Works Maintenance Building and new Town Hall were completed in January 2020. The public works department is now able to self-perform a number of previously outsourced services for the Town and Town properties. The New Town Hall is where the parks and recreation department offices are located as well as the new council chambers. The new space provides a number of meeting rooms and lobby area with new technology that allows additional space anyone who may attend the town's council meetings and events. Additionally, the Town has renovated the second floor of the "old" Town Hall for increased functionality.

ECONOMIC CONDITION

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

As a result of this growth is the addition of the U.S. Route 74 Monroe Bypass. The Bypass runs directly through the Town along the existing U.S. Route 74 and Stallings Road. Construction of the Bypass was completed in November 2018. The design of the highway created service roads to our existing businesses, cleared and revitalized unused property, and created a gateway into the town which was not noticeable in the past. Since its opening, the Town has been inundated with development opportunities to revitalize U.S. Route 74 which in the past years had experienced an exodus of business development. The Town has been working with developers for the construction of healthcare facilities, shopping centers and industrial parks. In 2021, the Town will have its first

hospital built within the town limits. This facility will be 150,000 square feet and will have 40 licensed acute care beds, 10 emergency department bays and two operating rooms. Construction on the hospital began in July 2020 with an estimated completion date in November 2021.

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

LONG-TERM PLANNING

In 2013, the Town created its first official Capital Improvement Plan (CIP). The CIP was designed to anticipate and ensure funding for the major capital projects occurring over the next five years. The plan was changed in 2016 to include capital asset maintenance and is now called the Capital Maintenance and Infrastructure Improvement Plan (CMIIP). Projects are identified by Town staff and Council during the budget process and if approved are added to the plan and adopted along with the budget for each year. The CMIIP is a living document and is reviewed throughout the year to accurately reflect the current and future projects.

The Town also saw a need, due to the growth and central location to major highways (U.S. Route 74, Interstate 485 and the Monroe Expressway), to develop updated land use plans including several small area plans for main roads in the town that connect Stallings to these highways and other growing areas. These plans were completed in 2018 and 2019 and include Idlewild Road Corridor, Stallings Elementary School Node, Monroe Bypass Corridor, Old Monroe Road/Town Core, Smith Farm Road Business District, and Chestnut Lane Corridor. These plans are being used to help shape development standards in key areas of growth in our town and shape our community in the coming years. Council has approved several updates to ensure plans meet the Town's long-term goals.

The Town has also invested in the development of our parks and green space with the adoption of the Connect Stallings Recreation and Greenway Master Plan. The Council approved the Greenway design and construction documents for the first greenway trail identified in the plan near Blair Mill Park and Stevens Mill Road which will add and begin to connect our existing parks and pedestrian areas.

ACKNOWLEDGEMENTS

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

The Town of Stallings prepared and submitted comprehensive annual reports for the fiscal years ended June 30, 2015 through June 30, 2019 and were awarded a Certificate of Achievement for

Excellence in Financial Reporting for all five years submitted. The town intends to continue to update, improve, and submit CAFRs for eligibility.

Preparation of this report included the efforts and input from the finance and administrative staff as well as the support of the Town Manager, various Town departments, Mayor and Council.

Respectfully submitted,



Alex Sewell
Town Manager



Marsha A. Gross
Finance Officer

CERTIFICATE OF ACHIEVEMENT



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Town of Stallings
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Stallings for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This third report was awarded this prestigious honor.

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

A Certificate of Achievement is valid for a period of one year only. We are planning to submit the Comprehensive Annual Report for this fiscal year ended June 30, 2020 and are submitting to the GFOA to determine its eligibility for another Certificate of Achievement for Excellence in Financial Reporting.

APPOINTED AND ADMINISTRATIVE POSITIONS

Alex Sewell
Town Manager

Erinn Nichols *Assistant Town Manager/Town Clerk*

Marsha Gross *Finance Officer*

Karen Williams *Human Resources*

Christopher Easterly *Engineering/Public Works*

Lynne Hair *Town Planner*

Dennis Franks *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. **Council Lead Committees**

Economic Development Advisory Committee

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

General Government Committee

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

Public Safety Advisory Committee

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

Stormwater Advisory Committee

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

Technology Advisory Committee

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

Transportation Advisory Committee

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

3. Citizen-Lead Committees

Historical Committee

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

Parks and Recreation Committee

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

4. Ad Hoc Committees

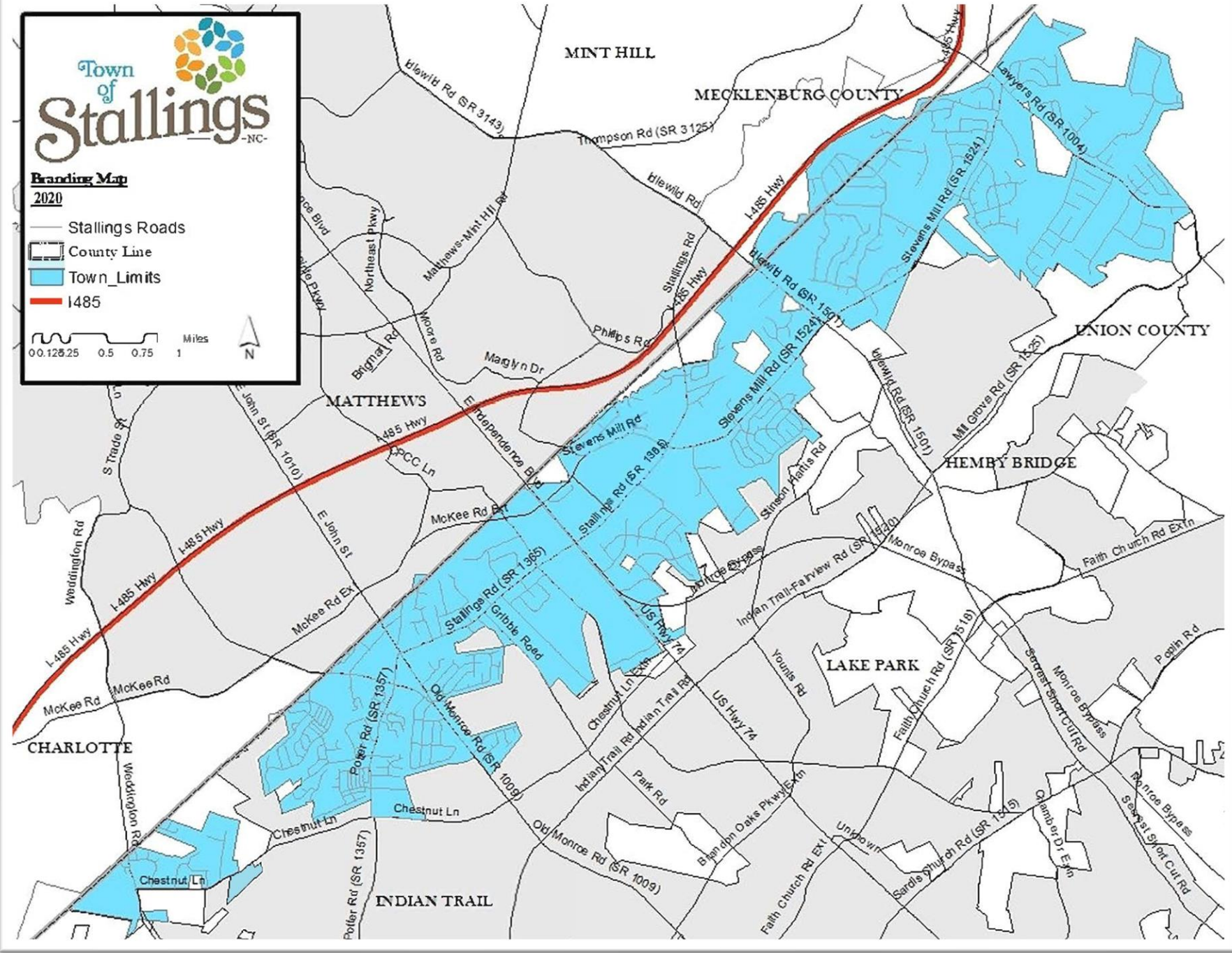
The Mayor and Council have the authority to form an ad-hoc committee at any time for a specific purpose and length of time. These committees are used primary for short term projects or plans the Town is developing. Once the committee has fulfilled its' objectives and reported back to Council, it is dissolved.

Branding Map
2020

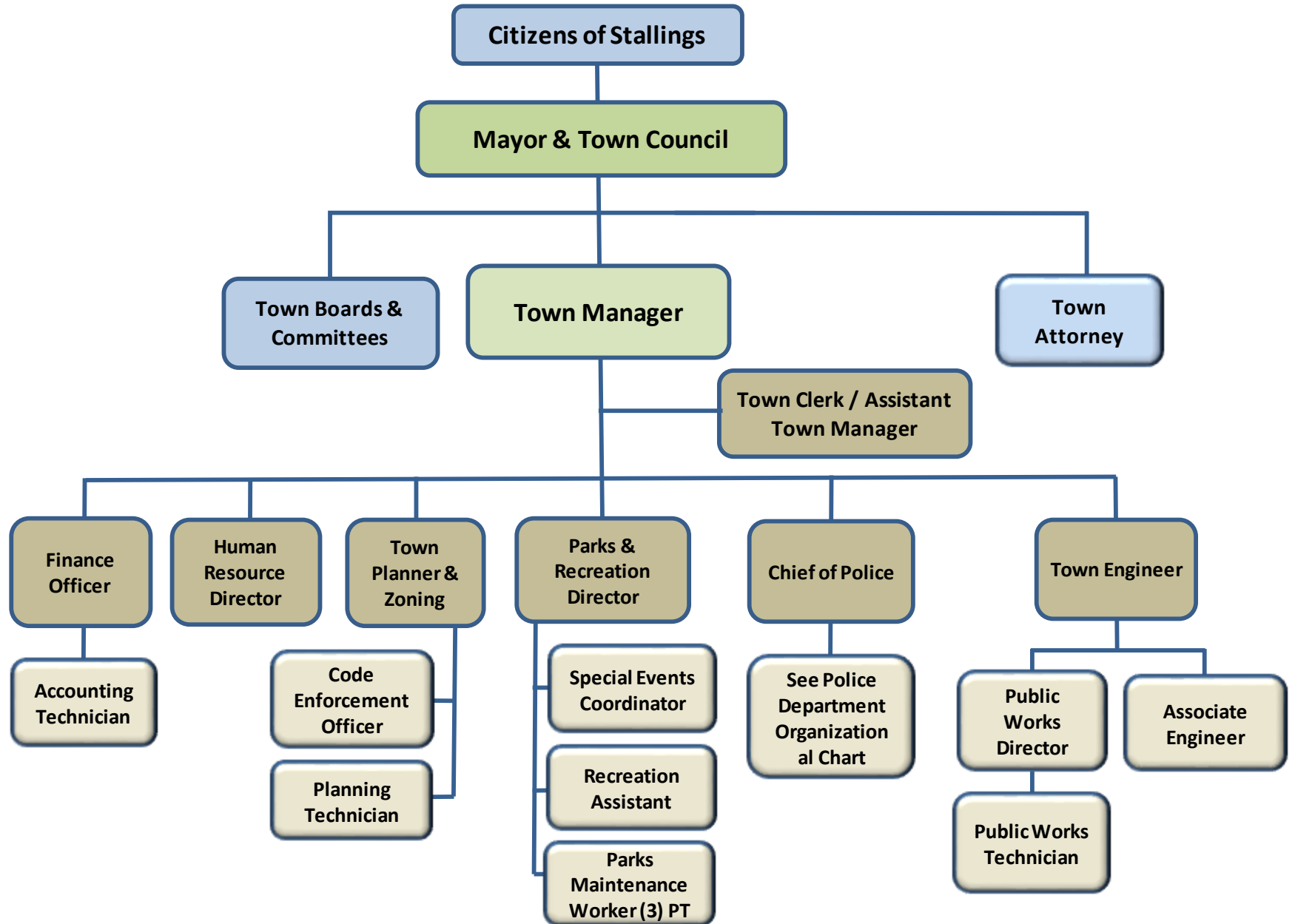
- Stallings Roads
- County Line
- Town Limits
- I-485

Miles

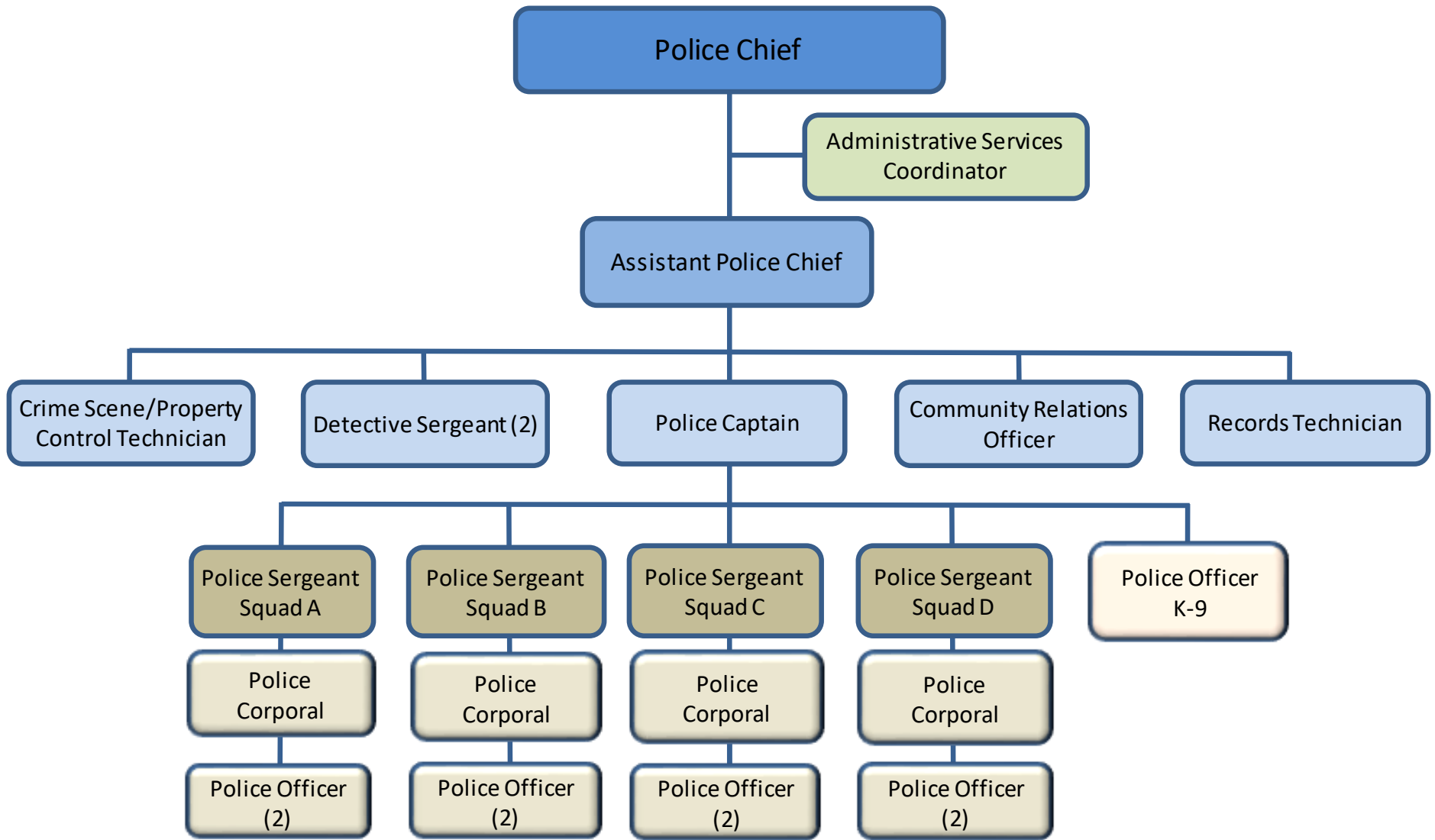
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Town of Stallings Organizational Chart



Stallings Police Department Organizational Chart





FINANCIAL SECTION

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



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Stallings, North Carolina as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's 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 General 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, 2020, and the respective changes in financial position, and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 16, the Local Government Employees' Retirement System Schedules of the Town's Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 49 through 50, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 51 through 52, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Stallings, North Carolina. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, and other schedules 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 26, 2020 on our consideration of the Town of Stallings' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Stallings' internal control over financial reporting and compliance.

POTTER & Company, PA

Monroe, North Carolina
October 26, 2020

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, 2020. 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

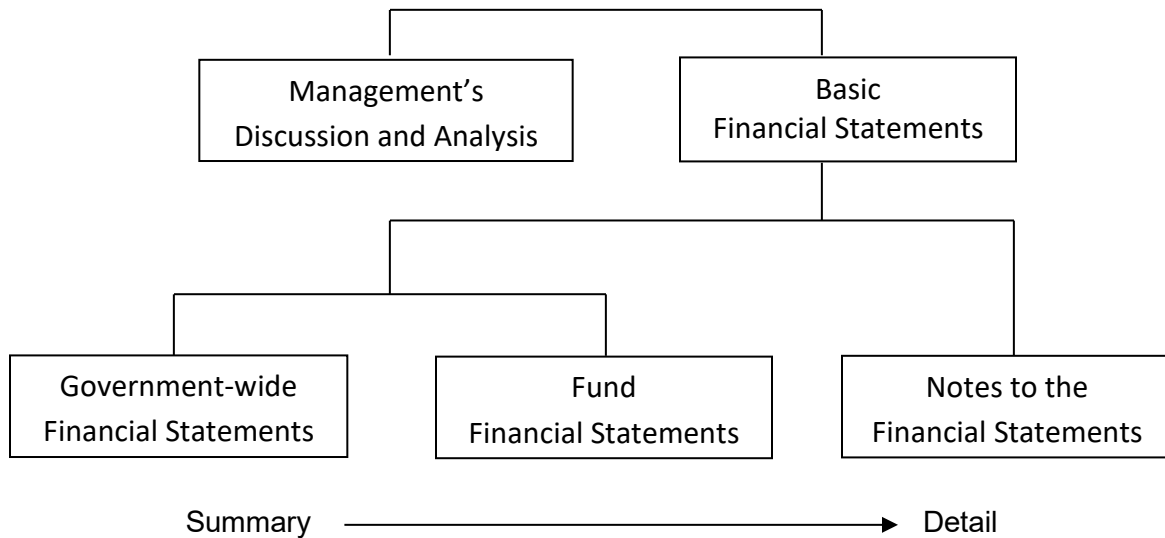
- The assets and deferred outflows of resources of the Town of Stallings exceeded its liabilities and deferred inflows of resources at the close of the year by \$22,797,067 (*net position*).
- The government's total net position decreased by \$1,442,801. This decrease was caused by several factors including the construction of the Chestnut Road Roundabout with construction costs of \$1,946,747 (offsetting revenue of \$1,684,247), renovation expenses of \$206,580 for the second floor of old Town Hall, and expending the debt proceeds for the construction of the New Town Hall and Public Works facilities.
- As of the close of the current fiscal year, the Town of Stallings' governmental funds reported combined ending fund balance of \$10,732,946 resulting in a net decrease of \$2,016,170 in fund balance. Committed fund balance, which included Chestnut Lane Roundabout, decreased \$350,000, Capital Projects Fund decreased \$2,163,019 and assigned minimum fund balance requirement decreased \$464,880. Offsetting these decreases was an increase in unassigned fund balance of \$868,200.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,138,319 or 47.7% of total general fund expenditures for the fiscal year.
- The Town completed construction of the New Town Hall and Public Works buildings in December 2019. The construction costs totaled \$3,367,513 which was partially financed with an installment purchase agreement in the amount of \$2,918,000. The first principal payment on this debt of \$291,800 was paid in February 2020.
- In February 2020, the Town entered into separate agreements with the North Carolina Department of Transportation (NCDOT) and Terwilliger Pappas (the developer) to facilitate the Chestnut Roundabout construction and ensure it was completed in 2020. The total estimated project cost was \$2,425,996 which was funded by a combination from the Town, NCDOT, Union County and the developer. NCDOT was paid a total of \$1,946,747 during February and March 2020 to begin the construction of the road which is estimated to be complete in October 2020.
- The Town Council approved the annexation 3 parcels totaling 27.98 acres of land. They include properties near Chestnut Lane, Idlewild Road and Boyd Funderburk Drive.

Management Discussion and Analysis Town of Stallings

Overview of the Financial Statements

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

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



Basic Financial Statements

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

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

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

Management Discussion and Analysis Town of Stallings

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

Management Discussion and Analysis Town of Stallings

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

The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Town Council; 2) the final budget as amended by the Town Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

Notes to the Financial Statements

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

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

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

**Management Discussion and Analysis
Town of Stallings**

Government-Wide Financial Analysis

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 11,212,837	\$ 13,414,926	\$ 1,116,313	\$ 1,330,180	\$ 12,329,150	\$ 14,745,106
Capital assets	14,102,574	13,569,733	576,007	385,891	14,678,581	13,955,624
Total assets	<u>25,315,411</u>	<u>26,984,659</u>	<u>1,692,320</u>	<u>1,716,071</u>	<u>27,007,731</u>	<u>28,700,730</u>
Deferred outflows of resources	615,730	626,666	16,601	17,307	632,331	643,973
	<u>615,730</u>	<u>626,666</u>	<u>16,601</u>	<u>17,307</u>	<u>632,331</u>	<u>643,973</u>
Long-term liabilities outstanding	3,797,245	3,856,758	24,111	21,169	3,821,356	3,877,927
Other liabilities	911,440	1,092,251	42,687	41,100	954,127	1,133,351
Total liabilities	<u>4,708,685</u>	<u>4,949,009</u>	<u>66,798</u>	<u>62,269</u>	<u>4,775,483</u>	<u>5,011,278</u>
Deferred inflows of resources	67,097	93,009	415	548	67,512	93,557
	<u>67,097</u>	<u>93,009</u>	<u>415</u>	<u>548</u>	<u>67,512</u>	<u>93,557</u>
Net position:						
Net investment in capital assets	11,476,374	10,651,733	576,007	385,891	12,052,381	11,037,624
Restricted	745,913	727,384	-	-	745,913	727,384
Unrestricted	<u>8,933,072</u>	<u>11,190,190</u>	<u>1,065,701</u>	<u>1,284,670</u>	<u>9,998,773</u>	<u>12,474,860</u>
Total net position	<u>\$ 21,155,359</u>	<u>\$ 22,569,307</u>	<u>\$ 1,641,708</u>	<u>\$ 1,670,561</u>	<u>\$ 22,797,067</u>	<u>\$ 24,239,868</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Stallings exceeded liabilities and deferred inflows by \$22,797,067 as of June 30, 2020. The Town's net position decreased 6.0% or \$1,442,801 for the fiscal year ended June 30, 2020. This decrease is reflected in the Town's current and other assets which decreased \$2,415,956 (due to construction proceeds used for two new buildings) which was offset with an increase of \$1,014,757 in net investment in capital assets (e.g. land, streets, buildings, and equipment). The Town of Stallings uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is the reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Stallings' net position, \$745,913, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$9,998,773 is unrestricted.

Management Discussion and Analysis Town of Stallings

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

- Diligence in the collection of property taxes by maintaining a tax collection percentage of 99.69% through the county, which continues to exceed the statewide average.
- Increased sales tax revenue of \$106,047 due to continued economic growth in the Town and state.
- Ad valorem tax revenues increased by \$56,175 over last fiscal year due to the development of new neighborhoods in the Town.
- Cost savings and reductions in spending resulted in general fund expenditures being \$911,429 less than final budgeted expenditures for fiscal year 2019-20. This difference was achieved through staff's diligence in competing work, insourcing previously outsourced tasks, and closely monitoring actual versus budgeted costs. The COVID pandemic impacted operations but management was able to continue services and provide additional safety measures for the staff and citizens without increasing overall costs to the Town.

**Management Discussion and Analysis
Town of Stallings**

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 319,452	\$ 313,917	\$ 475,932	\$ 474,935	\$ 795,384	\$ 788,852
Operating grants and contributions	2,099,245	1,627,923	-	-	2,099,245	1,627,923
Capital grants and contributions	-	323,095	-	213,392	-	536,487
General revenues:						
Property taxes	4,095,217	3,999,804	-	-	4,095,217	3,999,804
Other Taxes	2,256,536	2,184,198	-	-	2,256,536	2,184,198
Grants and contributions not restricted to specific programs						
	-	-	-	-	-	-
Other	207,040	170,258	-	-	207,040	170,258
Total Revenues not including transfers	8,977,490	8,619,195	475,932	688,327	9,453,422	9,307,522
Transfers	208,000	-	(208,000)	-	-	-
Total General Revenues and Transfers	9,185,490	8,619,195	267,932	688,327	9,453,422	9,307,522
Expenses:						
General Government	1,214,334	1,087,177	-	-	1,214,334	1,087,177
Public Safety	2,441,615	2,314,035	-	-	2,441,615	2,314,035
Transportation	4,564,581	3,411,976	-	-	4,564,581	3,411,976
Economic and physical development	342,983	402,097	-	-	342,983	402,097
Environmental protection	945,978	885,833	-	-	945,978	885,833
Cultural and recreation	724,738	672,099	-	-	724,738	672,099
Public Works	267,894	278,521	-	-	267,894	278,521
Interest on long -term debt	97,315	-	-	-	97,315	-
Storm water	-	-	296,785	274,299	296,785	274,299
Total Expenses	10,599,438	9,051,738	296,785	274,299	10,896,223	9,326,037
Increase (decrease) in net position	(1,413,948)	(432,543)	(28,853)	414,028	(1,442,801)	(18,515)
Net Position, beginning, previously reported	22,569,307	23,424,769	1,670,561	1,256,533	24,239,868	24,681,302
Restatement	-	(422,919)	-	-	-	(422,919)
Net Position, beginning, restated	22,569,307	23,001,850	1,670,561	1,256,533	24,239,868	24,258,383
Net Position, June 30	\$ 21,155,359	\$ 22,569,307	\$ 1,641,708	\$ 1,670,561	\$ 22,797,067	\$ 24,239,868

Governmental activities. Governmental activities decreased the Town's net position by \$1,413,948 representing a drop-in net position of 6.3%. The most significant factor contributing to this decrease was depreciation expense of \$2,753,163 of Town assets. The effect of this expense on the Town's net position was minimized by Town's increased revenues as well as the concerted effort to control costs and manage expenditures for the Town.

Management Discussion and Analysis Town of Stallings

Further key elements impacting net position are as follows:

- The Town's total governmental activities' revenues before transfers increased by \$358,295 which is seen mainly on the operating grants and contributions line which increased \$471,322. This increase was due to an operating contribution of \$1,684,247 from Terwilliger Pappas (the developer) for the construction of the Chestnut roundabout. The capital grants and contributions in 2019 related to the annexation of roads and sidewalks in the Willowcroft subdivision. Remaining revenue lines increased from prior year representing the growth in the Town.
- The Town's Storm Water fund transferred \$208,000 to the General Fund for the construction of the underground water retention system which replaced the water retention pond where the New Town Hall and Public Works building were built.
- Total governmental activities expenses increased \$1,547,700 or 17.1% over the prior fiscal year. Expenses related to the Chestnut Roundabout total \$1,946,747 of the transportation departments total expenses. Council had restricted \$350,000 of this amount in the prior fiscal year representing the Town's contribution to the roundabout.
- In fiscal year ended 2019, the Town entered into a contract to finance the new Town Hall and Public Works Building. Interest on the note was included in the capital project during 2019 and was moved to governmental activities in fiscal period 2020 explaining the increase in interest on long-term debt.

Business-type Activities. Business-type activities decreased the Town of Stallings' net position by \$28,853 representing a decrease of 1.7%.

Key elements of this decrease are as follows:

- Revenues for business-type activities decreased \$420,395 due the transfer to governmental activities for the underground water detention system of \$208,000 and reduction of \$213,392 in capital grants and contributions for the annexation of Willowcroft Subdivision stormwater infrastructure in fiscal period 2019.
- Repair projects were completed well below budget. Repairs were made for those items that met the Town's repair criteria.
- The Storm Water fees remained unchanged from the prior fiscal year.

Financial Analysis of the Town's Funds

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

Management Discussion and Analysis Town of Stallings

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

The general fund is the chief operating fund of the Town of Stallings. At the end of Fiscal Year 2019-20, the Town of Stallings' fund balance available in the General Fund was \$4,138,319, while total fund balance reached \$9,593,666. 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 47.7% of general fund expenditures, while total fund balance represents 109.9% of the same amount.

As of June 30, 2020, the governmental funds of the Town of Stallings reported a combined fund balance of \$10,732,946 with a net decrease in fund balance of \$2,016,170 or 15.8% from the prior fiscal year. Included in this change in fund balance is a decrease in fund balance in the New Town Hall and Public Works Building Capital Project Fund of \$2,141,651 which was substantially completed this fiscal period. Capital Project Fund for Potter Road/ Pleasant Plains intersection decreased slightly by \$21,368 and represents \$1,193,280 of total governmental funds.

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

There were several reasons the Town revised its budget through the year. The Town had a large storm water repair which was not budgeted that required an increase to the maintenance and repairs for the Storm Water Fund. Additionally, the Town received a capital contribution from a developer for the Chestnut Roundabout and the offsetting construction expenses related to this project. Although the Town diligently monitored expenditures to ensure they complied with budgetary requirements, there were amendments made to the General Fund in General Government budget related to unexpected expenditures and capital outlays. Building maintenance expenses for Town Hall were higher than originally budgeted. Capital improvements for the existing Town Hall were needed which required an amendment. The Town also implemented new fees structures for development agreements and traffic impact analysis fees in the prior fiscal period which were higher than expected with the growth in the Town.

At year-end, revenues were 4.9% greater than the budget due to increases in ad valorem and sales and use tax revenues, and permits and fees. Expenditures were 9.5% below budget with savings compared to budget across all departments. Majority of cost savings were in Public Safety department where funds were budgeted for salaries and wages and the department had several vacancies throughout the year. Also, the General Government department had significant savings related to the renovation of the second floor of Town Hall which were budgeted but not completed by year-end.

Management Discussion and Analysis

Town of Stallings

Proprietary Fund. The Town's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Storm Water Fund at the end of the fiscal year amounted to \$1,065,701. The change in unrestricted net position was a decrease of \$218,969. This decrease was a result of the transfer of funds to the General Fund for the construction of the underground water detention system related to the existing Town Hall as well as the New Town Hall and Public Works facilities. Offsetting this decrease in unrestricted net position was an increase in net investment in capital assets of \$190,116 making the total change in net positions from prior year a decrease of \$28,853.

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, 2020 total \$14,678,581 (net of accumulated depreciation). These assets include buildings, streets, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year included the following:

- The construction of the New Town Hall and Public Works buildings were substantially completed in February 2020 which reduced construction in progress by \$1,070,786 from prior fiscal year, and added \$3,463,168 in buildings and improvements along with an additional \$101,746 in furniture and equipment.
- Several major road repairs were completed which involved removing the old asphalt, repairing the base stone, subgrade, and resurfacing with a value of \$354,888.
- Acquisition of public safety vehicles and equipment totaling \$112,817.
- Stallings Municipal Park's fountain repairs which included granite and stone resurfacing, grate replacement and new fountain filtrations system totaling \$55,795.
- Installation and repair of sidewalks and new Stallings logo street signage accounted for an addition of \$21,518.
- Several storm water improvements and repairs including culverts, drain inlets and concrete swales totaling \$239,468.

**Management Discussion and Analysis
Town of Stallings**

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Infrastructure	\$ 5,787,470	\$ 7,662,388	\$ 576,007	\$ 353,080	\$ 6,363,477	\$ 8,015,468
Land improvements	1,524,796	1,725,575	-	-	1,524,796	1,725,575
Buildings and improvements	4,977,897	1,537,655	-	-	4,977,897	1,537,655
Land	206,580	978,389	-	-	206,580	978,389
Vehicles	308,385	323,858	-	-	308,385	323,858
Construction in progress	978,388	1,073,740	-	32,811	978,388	1,106,551
Equipment	313,402	254,685	-	-	313,402	254,685
Computers and Software	5,656	13,443	-	-	5,656	13,443
Total	\$ 14,102,574	\$ 13,569,733	\$ 576,007	\$ 385,891	\$ 14,678,581	\$ 13,955,624

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

**Management Discussion and Analysis
Town of Stallings**

Long-term Debt. As of June 30, 2020, the Town of Stallings’ total debt and outstanding liabilities of \$4,314,387. Of this, installment debt of \$2,918,000 is backed by the full faith and credit of the Town. Other debt of the Town related to compensated absences and pension related liabilities.

**Outstanding Liabilities
Figure 5**

Town of Stallings’ Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Installment debt	\$ 2,626,200	\$ 2,918,000	\$ -	\$ -	\$ 2,626,200	\$ 2,918,000
Pension related debt (LGERS)	934,523	727,543	24,111	21,169	958,634	748,712
Pension related debt (LEO)	552,433	503,015	-	-	552,433	503,015
Compensated absences	170,391	158,826	6,729	4,383	177,120	163,209
Total	\$ 4,283,547	\$ 4,307,384	\$ 30,840	\$ 25,552	\$ 4,314,387	\$ 4,332,936

Town of Stallings’ Outstanding Debt

The Town of Stallings’ total debt decreased by \$18,549 or 0.43% from the past fiscal year. Installment debt related to the construction of the New Town Hall and Public Works Maintenance buildings decrease \$291,800 due to the first installment payment, this was offset with increase in both the Town’s proportionate share of the net pension liability (LGERS and LEO).

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 \$149,623,807.

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

Economic Factors and Next Year’s Budgets and Rates

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

Despite the COVID-19 pandemic, the economy has stimulated construction growth in the Town this fiscal year with ad valorem tax growth of 1.3% as well as economic growth with sales tax increasing 8.4%.

Management Discussion and Analysis

Town of Stallings

- New development. The Town continued to see relatively strong interest in development within the Town, albeit perhaps hindered by the ongoing pandemic. Several major developments also began construction. For example, a mixed-use project consisting of primarily multi-family in the Chestnut area was approved and construction began. Also, Atrium Health began construction of its major hospital campus beside the Monroe Expressway with a projected completion timeframe of the end of 2021 (calendar year).
- The Town of Stallings, the Charlotte Area Transit System (CATS), and other partners continue to work towards extending the LYNX Light Rail Silver Line into Stallings.
- The Town's tax rate remained at \$0.215 per \$100 of assessed property value. Excellent ad valorem collection rates, controlled spending, organizational efficiency, and growth have allowed the Town to hold the tax rate constant.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: Due to the COVID-19 pandemic and the uncertainty surrounding its effect on the Town's revenue, management and Council have taken a conservative approach for fiscal year 2021 budgeted revenues. Specifically, property taxes budgeted projections decreased by 1.9% and sales and use taxes decreased by 8.3% from actual revenue in 2020. Total budgeted revenue for the Town is expected to decrease 23.0% to \$6,905,400 compared to actual revenue of \$8,971,952 in 2020. The large decrease from 2020 is due to the contribution of \$1,684,247 for the Chestnut Roundabout which accounts for 81.5% of the total decrease. 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 decrease 15.9% to \$7,297,200 when compared to actual expenditures of \$8,680,718 in 2020. This decrease is primarily seen in transportation department which related to the Chestnut Roundabout expenditure in 2019.

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

The Town Council has appropriated fund balance in the amount of \$2,091,800 which will be used for debt repayment and capital project expenditures for the Pleasant Plains Road and Potter Road intersection as well as the purchase of capital equipment in various departments. Management believes that increased revenues and continued cost cutting measures on departmental spending will maintain the current level of services provided by the Town and will not require additional fund balance appropriation.

Business-type Activities: The Town has chosen to keep the storm water fees unchanged. Project work for the year is focused on issues where flooding creates property damage. Expenses are primarily budgeted to repair these issues, with additional spending focused on cleaning out existing drains. The Town has also added in this budget street sweeping and other preventative services to help deter future flooding issues.

**Management Discussion and Analysis
Town of Stallings**

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, 2020**

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,476,773	\$ 1,109,082	\$ 11,585,855
Taxes receivable (net)	24,377	-	24,377
Accrued interest receivable on taxes	6,130	-	6,130
Accounts receivable (net)	-	7,231	7,231
Due from other governments	352,797	-	352,797
Restricted cash and cash equivalents	352,760	-	352,760
Total current assets	<u>11,212,837</u>	<u>1,116,313</u>	<u>12,329,150</u>
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	1,184,968	-	1,184,968
Other capital assets, net of depreciation	12,917,606	576,007	13,493,613
Total capital assets	<u>14,102,574</u>	<u>576,007</u>	<u>14,678,581</u>
Total non-current assets	<u>14,102,574</u>	<u>576,007</u>	<u>14,678,581</u>
Total assets	<u><u>25,315,411</u></u>	<u><u>1,692,320</u></u>	<u><u>27,007,731</u></u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	615,730	16,601	632,331
Total deferred outflows of resources	<u>615,730</u>	<u>16,601</u>	<u>632,331</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	440,090	35,235	475,325
Accounts payable from restricted cash	-	-	-
Deposits in escrow	9,159	-	9,159
Unearned revenue	-	723	723
Current portion long-term liabilities	462,191	6,729	468,920
Total current liabilities	<u>911,440</u>	<u>42,687</u>	<u>954,127</u>
Long-term liabilities:			
Net pension liability-LGERS	910,412	24,111	934,523
Total pension liability-LEO	552,433	-	552,433
Due in more than one year	2,334,400	-	2,334,400
Total long-term liabilities	<u>3,797,245</u>	<u>24,111</u>	<u>3,821,356</u>
Total liabilities	<u><u>4,708,685</u></u>	<u><u>66,798</u></u>	<u><u>4,775,483</u></u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	135	-	135
Pension deferrals	66,962	415	67,377
Total deferred inflows of resources	<u>67,097</u>	<u>415</u>	<u>67,512</u>
NET POSITION			
Net investment in capital assets	11,476,374	576,007	12,052,381
Restricted for:			
Stabilization by State Statute	401,137	-	401,137
Streets	291,514	-	291,514
Drug Forfeiture	53,262	-	53,262
Unrestricted	8,933,072	1,065,701	9,998,773
Total net position	<u><u>\$ 21,155,359</u></u>	<u><u>\$ 1,641,708</u></u>	<u><u>\$ 22,797,067</u></u>

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

**Town of Stallings
Statement of Activities
For the Year Ended June 30, 2020**

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental Activities:							
General government	\$ 1,214,334	\$ 69,400	\$ -	\$ -	\$ (1,144,934)	\$ -	\$ (1,144,934)
Public safety	2,441,615	2,841	-	-	(2,438,774)	-	(2,438,774)
Transportation	4,564,581	146,800	2,086,814	-	(2,330,967)	-	(2,330,967)
Environmental protection	945,978	-	12,431	-	(933,547)	-	(933,547)
Economic and physical development	342,983	96,603	-	-	(246,380)	-	(246,380)
Public works	267,894	-	-	-	(267,894)	-	(267,894)
Cultural and recreational	724,738	3,808	-	-	(720,930)	-	(720,930)
Interest on long-term debt	97,315	-	-	-	(97,315)	-	(97,315)
Total governmental activities	<u>10,599,438</u>	<u>319,452</u>	<u>2,099,245</u>	<u>-</u>	<u>(8,180,741)</u>	<u>-</u>	<u>(8,180,741)</u>
Business-type activities:							
Storm Water	<u>296,785</u>	<u>475,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,147</u>	<u>179,147</u>
Total business-type activities	<u>296,785</u>	<u>475,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,147</u>	<u>179,147</u>
Total primary government	<u>\$ 10,896,223</u>	<u>\$ 795,384</u>	<u>\$ 2,099,245</u>	<u>\$ -</u>	<u>\$ (8,180,741)</u>	<u>\$ 179,147</u>	<u>\$ (8,001,594)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					\$ 4,095,217	\$ -	\$ 4,095,217
Sales taxes					1,365,392	-	1,365,392
Franchise taxes					812,897	-	812,897
Beer and wine taxes					70,654	-	70,654
Other taxes and licenses					7,593	-	7,593
Unrestricted investment earnings					116,977	-	116,977
Restricted investment earnings					5,630	-	5,630
Gain on disposal of assets					2,000	-	2,000
Miscellaneous					82,433	-	82,433
Total general revenues not including transfers					<u>6,558,793</u>	<u>-</u>	<u>6,558,793</u>
Transfers					<u>208,000</u>	<u>(208,000)</u>	<u>-</u>
Total general revenues and transfers					<u>6,766,793</u>	<u>(208,000)</u>	<u>6,558,793</u>
Change in net position					<u>(1,413,948)</u>	<u>(28,853)</u>	<u>(1,442,801)</u>
Net position, beginning					<u>22,569,307</u>	<u>1,670,561</u>	<u>24,239,868</u>
Net position, ending					<u>\$ 21,155,359</u>	<u>\$ 1,641,708</u>	<u>\$ 22,797,067</u>

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

**Town of Stallings
Balance Sheet
Governmental Funds
June 30, 2020**

Exhibit 3

Major Funds

	General Fund	New Town Hall Building and Public Works Building Capital Project Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 10,476,773	\$ -	\$ -	\$ 10,476,773
Restricted cash	352,760	-	-	352,760
Receivables, net:				
Taxes	24,377	-	-	24,377
Due from other governments	352,797	-	-	352,797
Due from other funds	-	-	1,193,280	1,193,280
Total assets	<u>\$ 11,206,707</u>	<u>\$ -</u>	<u>\$ 1,193,280</u>	<u>\$ 12,399,987</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 440,090	\$ -	\$ -	\$ 440,090
Due to other funds	1,193,280	-	-	1,193,280
Deposits in escrow	9,159	-	-	9,159
Total liabilities	<u>1,642,529</u>	<u>-</u>	<u>-</u>	<u>1,642,529</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	24,377	-	-	24,377
Prepaid taxes	135	-	-	135
Total deferred inflows of resources	<u>24,512</u>	<u>-</u>	<u>-</u>	<u>24,512</u>
FUND BALANCES				
Restricted				
Stabilization by State Statute	401,137	-	-	401,137
Streets - Powell Bill	291,514	-	-	291,514
Drug Forfeiture	53,262	-	-	53,262
Committed				
Parks and Recreation	374,474	-	-	374,474
Capital Projects Fund	-	-	1,193,280	1,193,280
Assigned				
Subsequent year expenditures	2,091,800	-	-	2,091,800
Minimum fund balance requirement	2,189,160	-	-	2,189,160
Unassigned	4,138,319	-	-	4,138,319
Total fund balances	<u>9,539,666</u>	<u>-</u>	<u>1,193,280</u>	<u>10,732,946</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,206,707</u>	<u>\$ -</u>	<u>\$ 1,193,280</u>	<u>\$ 12,399,987</u>

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

Town of Stallings
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2020

Exhibit 4

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

Total fund balance - Governmental Funds		\$ 10,732,946
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 44,456,780	
Accumulated depreciation	<u>(30,354,206)</u>	14,102,574
Deferred outflows of resources related to pensions are not reported in the funds		
		615,730
Other assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are inflows of resources in the funds		
		6,130
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Compensated absences	(170,391)	
Notes payable	(2,626,200)	
Net pension liability (LGERS)	(910,412)	
Total pension liability (LEOSSA)	<u>(552,433)</u>	(4,259,436)
Deferred inflows of resources related to pensions are not reported in the funds		
		(66,962)
Earned revenues considered deferred inflows of resources in fund statements		
		<u>24,377</u>
Net position of governmental activities		<u><u>\$ 21,155,359</u></u>

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

Town of Stallings
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

Exhibit 5

Major Funds

	<u>General</u>	<u>New Town Hall Building and Public Works Building Capital Project Fund</u>	<u>Non-Major Funds Total</u>	<u>Total Governmental Funds</u>
REVENUES				
Ad valorem taxes	\$ 4,088,572	\$ -	\$ -	\$ 4,088,572
Other taxes and licenses	7,593	-	-	7,593
Unrestricted intergovernmental	2,248,943	-	-	2,248,943
Restricted intergovernmental	414,998	-	-	414,998
Permits and fees	306,644	-	-	306,644
Investment earnings	122,514	93	-	122,607
Sales and services	14,008	-	-	14,008
Miscellaneous	1,768,680	-	-	1,768,680
Total revenues	<u>8,971,952</u>	<u>93</u>	<u>-</u>	<u>8,972,045</u>
EXPENDITURES				
Current:				
General government	1,060,868	-	-	1,060,868
Public safety	2,147,061	-	-	2,147,061
Transportation	2,290,994	-	21,368	2,312,362
Environmental protection	945,978	-	-	945,978
Economic and physical development	326,667	-	-	326,667
Public works	244,661	-	-	244,661
Cultural and recreational	483,499	-	-	483,499
Debt service:				
Principal	291,800	-	-	291,800
Interest	97,315	-	-	97,315
Capital Outlay				
General government	206,580	1,917,315	-	2,123,895
Public safety	112,817	-	-	112,817
Transportation	360,452	-	-	360,452
Public works	35,795	576,814	-	612,609
Cultural and recreational	76,231	-	-	76,231
Total expenditures	<u>8,680,718</u>	<u>2,494,129</u>	<u>21,368</u>	<u>11,196,215</u>
Excess (deficiency) of revenues over expenditures	<u>291,234</u>	<u>(2,494,036)</u>	<u>(21,368)</u>	<u>(2,224,170)</u>
OTHER FINANCING SOURCES (USES)				
Transfer to/from other funds	(144,385)	352,385	-	208,000
Total other financing sources (uses)	<u>(144,385)</u>	<u>352,385</u>	<u>-</u>	<u>208,000</u>
Net change in fund balance	146,849	(2,141,651)	(21,368)	(2,016,170)
Fund balances, beginning	9,392,817	2,141,651	1,214,648	12,749,116
Fund balances, ending	<u>\$ 9,539,666</u>	<u>\$ -</u>	<u>\$ 1,193,280</u>	<u>\$ 10,732,946</u>

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

Town of Stallings
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Exhibit 6

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

Net changes in fund balances - total governmental funds		\$ (2,016,170)
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	\$ 3,286,004	
Depreciation expense for governmental assets	<u>(2,753,163)</u>	532,841
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		
		203,373
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		
		41,835
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	584	
Change in unavailable revenue for tax revenues	<u>6,061</u>	6,645
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments on long-term debt	<u>291,800</u>	291,800
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(11,565)
Pension expense		<u>(462,707)</u>
Total changes in net position of governmental activities		<u><u>\$ (1,413,948)</u></u>

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

Town of Stallings **Exhibit 7**
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2020

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$4,040,500	\$ 4,040,500	\$ 4,088,572	\$ 48,072
Unrestricted intergovernmental	2,140,000	2,140,000	2,248,943	108,943
Restricted intergovernmental	411,200	411,200	414,998	3,798
Other taxes and licenses	38,000	38,000	7,593	(30,407)
Permits and fees	79,000	209,000	306,644	97,644
Investment earnings	103,000	103,000	122,514	19,514
Sales and services	15,800	15,800	14,008	(1,792)
Miscellaneous	2,500	1,599,247	1,768,680	169,433
Total revenues	<u>6,830,000</u>	<u>8,556,747</u>	<u>8,971,952</u>	<u>415,205</u>
Expenditures:				
Current:				
General government	1,130,500	1,532,600	1,267,448	265,152
Public safety	2,563,100	2,563,100	2,259,878	303,222
Transportation	734,100	2,757,847	2,651,446	106,401
Economic and physical development	359,600	379,100	326,667	52,433
Environmental protection	999,600	999,600	945,978	53,622
Public works	340,100	320,100	280,456	39,644
Cultural and recreational	611,600	631,600	559,730	71,870
Debt service:				
Principal	-	291,800	291,800	-
Interest	-	98,250	97,315	935
Contingency	18,150	18,150	-	18,150
Total expenditures	<u>6,756,750</u>	<u>9,592,147</u>	<u>8,680,718</u>	<u>911,429</u>
Revenues over (under) expenditures	<u>73,250</u>	<u>(1,035,400)</u>	<u>291,234</u>	<u>1,326,634</u>
Other financing sources (uses):				
Transfers to other funds	<u>(2,090,050)</u>	<u>(1,918,693)</u>	<u>(144,385)</u>	<u>1,774,308</u>
Total other financing sources (uses)	<u>(2,090,050)</u>	<u>(1,918,693)</u>	<u>(144,385)</u>	<u>1,774,308</u>
Fund balance appropriated	<u>2,016,800</u>	<u>2,954,093</u>	<u>-</u>	<u>(2,954,093)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>146,849</u>	<u>\$ 146,849</u>
Fund balances, beginning			<u>9,392,817</u>	
Fund balances, ending			<u>\$ 9,539,666</u>	

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

**Town of Stallings
Statement of Fund Net Position
Proprietary Fund
June 30, 2020**

Exhibit 8

	Major Enterprise Fund	
	Storm Water Fund	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,109,082	\$ 1,109,082
Fees receivable	3,521	3,521
Accounts receivable	3,710	3,710
Total current assets	1,116,313	1,116,313
Noncurrent assets:		
Capital assets:		
Capital assets, net of depreciation	576,007	576,007
Capital assets	576,007	576,007
Total noncurrent assets	576,007	576,007
Total assets	\$ 1,692,320	\$ 1,692,320
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	\$ 16,601	\$ 16,601
Total deferred outflows of resources	16,601	16,601
LIABILITIES		
Current liabilities:		
Accounts payable	35,235	35,235
Compensated absences	6,729	6,729
Unearned revenue	723	723
Total current liabilities	42,687	42,687
Noncurrent liabilities:		
Net pension liability	24,111	24,111
Total noncurrent liabilities	24,111	24,111
Total liabilities	66,798	66,798
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	415	415
Total deferred inflows of resources	415	415
NET POSITION		
Net investment in capital assets	576,007	576,007
Unrestricted	1,065,701	1,065,701
Total net position	\$ 1,641,708	\$ 1,641,708

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

Town of Stallings
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2020

Exhibit 9

	Major Enterprise Fund	
	Storm Water Fund	Total
OPERATING REVENUES		
Storm water fees and interest	\$ 475,932	\$ 475,932
Total operating revenues	475,932	475,932
OPERATING EXPENSES		
Salaries and employee benefits	102,067	102,067
Repairs and maintenance	168,998	168,998
Professional fees	7,784	7,784
Miscellaneous expenses	1,395	1,395
Depreciation	16,541	16,541
Total operating expenses	296,785	296,785
Income before contributions and transfers	179,147	179,147
Transfers to other funds	(208,000)	(208,000)
Change in net position	(28,853)	(28,853)
Total net position, beginning	1,670,561	1,670,561
Total net position, ending	\$ 1,641,708	\$ 1,641,708

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

**Town of Stallings
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2020**

Exhibit 10

	Major Enterprise Fund	
	Storm Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 472,356	\$ 472,356
Cash paid for goods and services	(178,936)	(178,936)
Cash paid to or on behalf of employees for services	(96,206)	(96,206)
Net cash provided by operating activities	197,214	197,214
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Decrease in due to General Fund	(2,798)	(2,798)
Transfers to other funds	(208,000)	(208,000)
Net cash used by non-capital financing activities	(210,798)	(210,798)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(206,657)	(206,657)
Net cash used by capital and related financing activities	(206,657)	(206,657)
Net increase (decrease) in cash and cash equivalents	(220,241)	(220,241)
Balances, beginning	1,329,323	1,329,323
Balances, ending	\$ 1,109,082	\$ 1,109,082
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 179,147	\$ 179,147
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	16,541	16,541
Changes in assets and liabilities:		
(Increase) decrease in fees receivable	134	134
(Increase) decrease in accounts receivable	(3,710)	(3,710)
(Increase) decrease in deferred outflows of resources - pensions	706	706
Increase (decrease) in accounts payable	(759)	(759)
Increase (decrease) in compensated absences	2,346	2,346
Increase (decrease) in net pension liability	2,942	2,942
Increase (decrease) in deferred inflows of resources - pensions	(133)	(133)
Total adjustments	18,067	18,067
Net cash provided by operating activities	\$ 197,214	\$ 197,214

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

Notes to Financial Statements



TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

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

The Town reports the following major governmental funds:

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (continued)

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

The Town reports the following non-major governmental funds:

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

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

The Town reports the following major enterprise funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (continued)

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

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

D. Budgetary Data

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

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

1. Deposits and Investments

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

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. The NCCMT - Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT – Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

Restricted Cash

Governmental Activities

General Fund	
Powell Bill	\$ 291,514
Drug forfeiture	53,262
Escrow deposits	<u>7,984</u>
Total Restricted Cash	<u>\$ 352,760</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, 2019.

5. Allowance for Doubtful Accounts

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (continued)

6. Capital Assets

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

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

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion: pension deferrals in the 2020 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – property taxes receivable and pension deferrals.

8. Long-Term Obligations

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

9. Compensated Absences

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (continued)

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

10. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (continued)

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

Committed for Parks and Recreation – committed for park improvements.

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

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

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

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

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

11. Defined Benefit Cost-Sharing Plans

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies (continued)

12. Management Estimates

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

II. Stewardship, Compliance, and Accountability

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

1. *Noncompliance with North Carolina General Statutes*

None

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

None

C. Excess of Expenditures over Appropriations

None

III. Detail Notes on All Funds

A. Assets

1. Deposits

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

At June 30, 2020, the Town's deposits had a carrying amount of \$2,673,748 and a bank balance of \$2,680,347. Of the bank balance, \$251,046 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2020, the Town's petty cash fund totaled \$200.

2. Investments

At June 30, 2020, the Town had \$9,264,667 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, 2020 was as follows:

	July 1, 2019	Additions	Retirements	June 30, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 978,388	\$ -	\$ -	\$ 978,388
Construction in Progress	1,073,740	206,580	1,073,740	206,580
Total capital assets not being depreciated	<u>2,052,128</u>	<u>206,580</u>	<u>1,073,740</u>	<u>1,184,968</u>
Capital assets being depreciated:				
Buildings and improvements	2,167,938	3,547,718	-	5,715,656
Land improvements	3,094,457	-	-	3,094,457
Equipment	448,601	122,863	-	571,464
Computers and software	106,323	-	-	106,323
Vehicles	934,124	119,177	49,128	1,004,173
Infrastructure	32,416,333	363,406	-	32,779,739
Total capital assets being depreciated	<u>39,167,776</u>	<u>4,153,164</u>	<u>49,128</u>	<u>43,271,812</u>
Less accumulated depreciation:				
Buildings and improvements	630,282	107,477	-	737,759
Land improvements	1,368,882	200,779	-	1,569,661
Equipment	193,917	64,145	-	258,062
Computers and software	92,881	7,786	-	100,667
Vehicles	610,265	134,651	49,128	695,788
Infrastructure	24,753,944	2,238,325	-	26,992,269
Total accumulated depreciation	<u>27,650,171</u>	<u>\$ 2,753,163</u>	<u>\$ 49,128</u>	<u>30,354,206</u>
Total capital assets being depreciated, net	<u>11,517,605</u>			<u>12,917,606</u>
Governmental activities capital assets, net	<u>\$ 13,569,733</u>			<u>\$ 14,102,574</u>

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

General government	\$ 106,704
Public safety	165,390
Transportation	2,242,884
Public works	13,176
Cultural and recreational	<u>225,009</u>
Total depreciation expense	<u>\$ 2,753,163</u>

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2020</u>
Business-type activities:				
Storm Water Fund				
Capital assets not being depreciated:				
Construction in progress	\$ 32,811	\$ -	\$ 32,811	\$ -
Total capital assets not being depreciated	<u>32,811</u>	<u>-</u>	<u>32,811</u>	<u>-</u>
Capital assets being depreciated:				
Infrastructure	368,089	239,468	-	607,557
Total capital assets being depreciated	<u>368,089</u>	<u>239,468</u>	<u>-</u>	<u>607,557</u>
Less accumulated depreciation:				
Infrastructure	15,009	16,541	-	31,550
Total accumulated depreciation	<u>15,009</u>	<u>\$ 16,541</u>	<u>\$ -</u>	<u>31,550</u>
 Total capital assets being depreciated, net	 <u>353,080</u>			 <u>576,007</u>
 Business-type capital assets, net	 <u>\$ 385,891</u>			 <u>\$ 576,007</u>

Construction Commitments

The Town has active construction projects as of June 30, 2020. At year-end, the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Potter/Pleasant Plains Improvement	\$ 1,763,273	\$ 1,061,727
New Town Hall and Public Works Buildings	<u>3,367,513</u>	<u>121,337</u>
Total	<u>\$ 5,130,786</u>	<u>\$ 1,183,064</u>

B. Liabilities

1. Accounts Payable – Disaggregate Information

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 305,448	\$ 134,642	\$ 440,090
Other governmental	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 305,448</u>	<u>\$ 134,642</u>	<u>\$ 440,090</u>
Business-type Activities:			
Storm Water	\$ 31,217	\$ 4,018	\$ 35,235
Total business-type activities	<u>\$ 31,217</u>	<u>\$ 4,018</u>	<u>\$ 35,235</u>

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Stallings employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2020 was 9.70% of compensation for law enforcement officers and 9.06% for general employees, actuarially determined as an amount that, when combined with employee

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

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 \$203,373 for the year ended June 30, 2020.

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, 2020, the Town reported a liability of \$934,523 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019 (measurement date), the Town's proportion was 0.03422%, which was a decrease of 0.00266% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$425,336. At June 30, 2020, 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	\$ 160,014	\$ -
Changes of assumptions	152,312	-
Net difference between projected and actual earnings on pension plan investments	22,795	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	30,092	9,266
Town contributions subsequent to the measurement date	203,373	-
Total	<u>\$ 568,586</u>	<u>\$ 9,266</u>

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

\$203,373 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 172,811
2022	59,207
2023	93,065
2024	30,864
2025	-
Thereafter	-
Total	<u>\$ 355,947</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2018 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, 2019 are summarized in the following table:

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

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 2018 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 2,137,422	\$ 934,523	\$ (65,332)

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

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, 2018, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not receiving benefits	-
Active plan members	<u>23</u>
Total	<u>24</u>

2. *Summary of Significant Accounting Policies*

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

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

3. *Actuarial Assumptions*

The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability in the December 31, 2018 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	3.26 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, 2018.

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$39,503 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, 2020, the Town reported a total pension liability of \$552,433. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$40,886.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,057	\$ 43,540
Changes of assumptions	25,326	14,571
Town benefit payments and plan administrative expense made subsequent to the measurement date	17,362	-
Total	\$ 63,745	\$ 58,111

\$17,362 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ (6,270)
2022	(6,270)
2023	(5,038)
2024	(318)
2025	6,168
Thereafter	-
Total	\$ (11,728)

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 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 593,435	\$ 552,433	\$ 514,769

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

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

	2020
Beginning balance	\$ 503,015
Service cost	29,135
Interest on the total pension liability	17,629
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	25,345
Changes of assumptions or other inputs	14,698
Benefit payments	(37,389)
Other changes	-
Ending balance of the total pension liability	\$ 552,433

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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 425,336	\$ 40,886	\$ 466,222
Pension Liability	\$ 934,523	\$ 552,433	\$ 1,486,956
Proportionate share of the net pension liability	0.03422%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 160,014	\$ 21,507	\$ 181,071
Changes of assumptions	152,312	25,326	177,638
Net difference between projected and actual earnings on plan investments	22,795	-	22,795
Changes in proportion and differences between contributions and proportionate share of contributions	30,092	-	30,092
Benefit payments and administrative costs paid subsequent to the measurement date	203,373	17,362	220,735
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 43,540	\$ 43,540
Changes of assumptions	-	14,571	14,571
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	9,266	-	9,266

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$95,731, which consisted of \$55,214 from the Town and \$40,517 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, 2020 were \$82,578, which consisted of \$32,845 from the Town and \$49,733 from non-law enforcement employees.

5. Other Employment Benefits

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

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

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	\$	203,373
Benefit payments made and administrative expenses for LEOSSA		17,362
Differences between expected and actual experience		181,071
Changes of assumptions		177,638
Net difference between projected and actual		22,795
Changes in proportion and differences between employer contributions and proportionate share of contributions		30,092
Total	<u>\$</u>	<u>632,331</u>

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 135	\$ 135
Taxes receivable, less penalties (General Fund)	-	24,377
Changes in assumptions	14,571	-
Differences between expected and actual experience	43,540	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,266	-
Total	<u>\$ 67,512</u>	<u>\$ 24,512</u>

7. Risk Management

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

General Liability	\$5,000,000 aggregate	\$5,000,000 each occurrence
Public Officials Liability	\$5,000,000 aggregate	\$5,000,000 each claim
Police Professional Liability	\$5,000,000 aggregate	\$5,000,000 each occurrence
Employment Practice Liability	\$5,000,000 aggregate	\$5,000,000 each claim
Employee Benefits Liability	\$5,000,000 aggregate	\$5,000,000 each claim
Business Auto	\$5,000,000 each accident	
Workman's Compensation	Up to statutory limits	

In addition, the Town has property insurance which covers the Town's listed values for assets on the policy as well as flood and earthquake insurance with a coverage amount of \$4,535,970 with a \$2,500 deductible.

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

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, 2020, the Town was the defendant to various lawsuits. In the opinion of the Town's management and the Town attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

9. *Long-Term Obligations*

a. Installment Purchase

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

Annual debt service payments of the installment purchase as of June 30, 2020, including \$431,364 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 291,800	\$ 88,083
2022	291,800	78,015
2023	291,800	67,947
2024	291,800	57,882
2025	291,800	48,423
2026-2029	1,167,200	91,014
	<u>\$ 2,626,200</u>	<u>\$ 431,364</u>

At June 30, 2020, the Town had a legal debt margin of \$149,623,807.

b. Changes in Long-Term Liabilities

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Current Portion</u>
Governmental Activities:					
Direct Placement Installment Purchase	\$ 2,918,000	\$ -	\$ 291,800	\$ 2,626,200	\$ 291,800
Compensated absences	158,826	11,565	-	170,391	170,391
Net pension liability (LGERS)	727,543	206,980	-	934,523	-
Total pension liability (LEO)	<u>503,015</u>	<u>49,418</u>	<u>-</u>	<u>552,433</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 4,307,384</u>	<u>\$ 267,963</u>	<u>\$ 291,800</u>	<u>\$ 4,283,547</u>	<u>\$ 462,191</u>

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

Business-type Activities:

Storm Water Fund

Compensated absences	\$ 4,383	\$ 2,346	\$ -	\$ 6,729	\$ 6,729
Net pension liability (LGERS)	<u>21,169</u>	<u>2,942</u>	<u>-</u>	<u>24,111</u>	<u>-</u>
Total Storm Water Fund	<u>25,552</u>	<u>5,288</u>	<u>-</u>	<u>30,840</u>	<u>6,729</u>

Total business-type activities

long-term liabilities	\$ <u>25,552</u>	\$ <u>5,288</u>	\$ <u>-</u>	\$ <u>30,840</u>	\$ <u>6,729</u>
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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 96% and the storm water fund the remainder. The total pension liability (LEOSSA) is entirely liquidated by the general fund.

b. Interfund Balance and Activity

Balances due to/from other funds at June 30, 2020, consist of the following:

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

General Fund	<u>\$ 1,193,280</u>
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The interfund balances resulted from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers to/from other funds at June 30, 2020 consist of the following:

From the Storm Water Fund to the New Town Hall Building and Public Works Building Capital Project Fund for storm water retention area	\$ 208,000
From the General Fund to the New Town Hall Building and Public Works Building Capital Project Fund for additional construction expenses	<u>144,385</u>
Total	<u>\$ 352,385</u>

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

D. Fund Balance

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

<u>Total Fund Balance - General Fund</u>	<u>\$ 9,539,666</u>
Less:	
Stabilization by State Statute	401,137
Streets - Powell Bill	291,514
Drug Forfeiture Fund	53,262
Parks and Recreation	374,474
Subsequent Year Expenditures	2,091,800
Minimum Fund Balance Policy	<u>2,189,160</u>
Remaining Fund Balance	<u>\$ 4,138,319</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, 2020, the Town had the following encumbrances:

Governmental Activities:		
General Fund	\$	48,340
New Town Hall Building and Public Works Building Capital Project Fund		5,720
Total governmental activities	<u>\$</u>	<u>54,060</u>

E. Summary Disclosure of Commitments

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

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

F. Summary Disclosure of Significant Contingencies

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2020

III. Detail Notes on All Funds (continued)

G. Significant Effects of Subsequent Events

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Town’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Government is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year ending June 30, 2021.

The Town’s operations are heavily dependent on property taxes and state revenue distributions. Additionally, access to grants and contracts from federal, state and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation is expected depress the tax bases and other areas in which the Town received revenue during fiscal year 2020. As such, this may hinder our ability for the Town to meet the needs of its constituents. It may also lead to the Town to seek debt forbearance and additional sources of debt. As such, our financial condition and liquidity may be negatively impacted for the fiscal year 2021.

Management has evaluated subsequent events through October 26, 2020, the date the financial statements were made available to be issued and determined that no other events occurred that required recording in the financial statements.



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 Seven Fiscal Years
From Inception and For the Fiscal Year Ended June 30, 2020

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Stallings' proportion of the net pension liability (asset) (%)	0.03422%	0.03156%	0.03395%	0.0308%	0.0318%	0.0309%	0.0306%
Stallings' proportion of the net pension liability (asset) (\$)	\$ 934,523	\$ 748,712	\$ 518,663	\$ 653,679	\$ 142,761	\$ (180,285)	\$ 372,464
Stallings' covered payroll	\$ 2,200,303	\$ 2,083,532	\$ 2,055,502	\$ 1,800,336	\$ 1,692,841	\$ 1,625,913	\$ 976,960
Stallings' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	42.47%	35.93%	25.23%	36.31%	8.43%	-11.09%	38.12%
Plan fiduciary net position as a percentage of the total pension liability	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

Local Government Employees' Retirement System

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

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

Town of Stallings
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2020

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

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

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

Town of Stallings
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2020

	2020	2019	2018	2017
Total pension liability	\$ 552,433	\$ 503,015	\$ 524,452	\$ 523,764
Covered payroll	1,191,154	1,026,657	1,062,451	1,191,875
Total pension liability as a percentage of covered payroll	46.38%	49.00%	49.36%	43.94%

Notes to the schedules:

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

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

Individual Fund Statements and Schedules



Town of Stallings
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2020

Schedule 1

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ 4,032,500	\$ 4,080,434	
Penalties and interest	8,000	8,138	
Total	<u>4,040,500</u>	<u>4,088,572</u>	<u>\$ 48,072</u>
Other taxes and licenses:			
Gross receipts tax - vehicle rental	38,000	7,593	
Total	<u>38,000</u>	<u>7,593</u>	<u>(30,407)</u>
Unrestricted intergovernmental:			
Local option sales tax	1,260,000	1,365,392	
Utilities sales tax	810,000	812,897	
Beer and wine tax	70,000	70,654	
Total	<u>2,140,000</u>	<u>2,248,943</u>	<u>108,943</u>
Restricted intergovernmental:			
Powell Bill allocation	400,000	402,567	
Solid waste disposal tax	11,200	12,431	
Total	<u>411,200</u>	<u>414,998</u>	<u>3,798</u>
Permits and fees:			
Zoning fees	85,000	96,603	
Civil citations	1,000	60,400	
Public safety fees	3,000	2,841	
Traffic impact analysis fees	120,000	146,800	
Total	<u>209,000</u>	<u>306,644</u>	<u>97,644</u>
Sales and services:			
Rent	12,000	11,517	
Festival/event sales	3,800	2,491	
Total	<u>15,800</u>	<u>14,008</u>	<u>(1,792)</u>
Investment earnings	<u>103,000</u>	<u>122,514</u>	<u>19,514</u>
Miscellaneous:			
Insurance reimbursements	-	4,597	
Miscellaneous revenues	1,599,247	1,764,083	
Total	<u>1,599,247</u>	<u>1,768,680</u>	<u>169,433</u>
Total revenues	<u>8,556,747</u>	<u>8,971,952</u>	<u>415,205</u>

Town of Stallings
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund (Continued)
For the Fiscal Year Ended June 30, 2020

Schedule 1
cont

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General government:			
Governing body:			
Salaries - elected officials		39,831	
Administration:			
Salaries and employee benefits		523,031	
Operating expenditures		305,503	
Contracted services		192,503	
Capital outlay		206,580	
Total	<u>1,532,600</u>	<u>1,267,448</u>	<u>265,152</u>
Public safety:			
Police:			
Salaries and employee benefits		1,904,016	
Operating expenditures		235,545	
Contracted services		7,500	
Capital outlay		112,817	
Total	<u>2,563,100</u>	<u>2,259,878</u>	<u>303,222</u>
Transportation:			
Streets and highways:			
Salaries and employee benefits		96,816	
Operating expenditures		2,070,506	
Contracted services		123,672	
Capital outlay		360,452	
Total	<u>2,757,847</u>	<u>2,651,446</u>	<u>106,401</u>
Environmental protection:			
Contracted services	<u>999,600</u>	<u>945,978</u>	<u>53,622</u>
Economic and physical development:			
Salaries and employee benefits		229,135	
Operating expenditures		25,957	
Contracted services		71,575	
Total	<u>379,100</u>	<u>326,667</u>	<u>52,433</u>
Public works;			
Salaries and employee benefits		148,611	
Operating expenditures		62,849	
Contracted services		33,201	
Capital outlay		35,795	
Total	<u>320,100</u>	<u>280,456</u>	<u>39,644</u>
Cultural and recreation:			
Salaries and employee benefits		242,381	
Operating expenditures		153,358	
Contracted services		87,760	
Capital outlay		76,231	
Total	<u>631,600</u>	<u>559,730</u>	<u>71,870</u>

Town of Stallings
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund (Continued)
For the Fiscal Year Ended June 30, 2020

Schedule 1
cont

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt service:			
Principal	291,800	291,800	
Interest	98,250	97,315	
Total	<u>390,050</u>	<u>389,115</u>	<u>935</u>
Contingency	<u>18,150</u>	-	
Total	<u>18,150</u>	-	<u>18,150</u>
Total expenditures	<u>9,592,147</u>	<u>8,680,718</u>	<u>911,429</u>
Revenues over (under) expenditures	<u>(1,035,400)</u>	<u>291,234</u>	<u>1,326,634</u>
Other financing sources (uses):			
Transfer to capital project fund	<u>(1,918,693)</u>	<u>(144,385)</u>	<u>1,774,308</u>
Total	<u>(1,918,693)</u>	<u>(144,385)</u>	<u>1,774,308</u>
Fund balance appropriated	<u>2,954,093</u>	-	<u>(2,954,093)</u>
Net change in fund balance	<u>\$ -</u>	<u>146,849</u>	<u>\$ 146,849</u>
Fund balances, beginning		<u>9,392,817</u>	
Fund balances, ending		<u>\$ 9,539,666</u>	

**Town of Stallings
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

Schedule 2

	<u>Potter/Pleasant Plains Intersection Improvement Capital Project Fund</u>	<u>Stallings Municipal Park Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Current assets:			
Due from other funds	\$ 1,193,280	\$ -	\$ 1,193,280
Total assets	<u>\$ 1,193,280</u>	<u>\$ -</u>	<u>\$ 1,193,280</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:			
Unrestricted	1,193,280	-	1,193,280
Total liabilities and fund balances	<u>\$ 1,193,280</u>	<u>\$ -</u>	<u>\$ 1,193,280</u>

Town of Stallings
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2020

Schedule 3

	Stallings Municipal Park Capital Project Fund	Potter/Pleasant Plains Intersection Improvement Capital Project Fund	Total Nonmajor Governmental Funds
REVENUES			
Contributions	\$ -	\$ -	\$ -
Investment earnings	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Transportation	-	21,368	21,368
Cultural and recreational	-	-	-
Total expenditures	<u>-</u>	<u>21,368</u>	<u>21,368</u>
Revenue over (under) expenditures	-	(21,368)	(21,368)
Other financing sources:			
Transfer from General Fund	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(21,368)</u>	<u>(21,368)</u>
Fund balance, beginning	-	1,214,648	1,214,648
Fund balance, ending	<u>\$ -</u>	<u>\$ 1,193,280</u>	<u>\$ 1,193,280</u>

Town of Stallings
Stallings Municipal Park Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2020

Schedule 4

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

Town of Stallings
Potter/Pleasant Plains Intersection Improvement - Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2020

Schedule 5

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
NC DOT Spot Safety Grant	\$ 829,000	\$ 1,215,505	\$ -	\$ 1,215,505	\$ 386,505
Union County	300,000	-	-	-	(300,000)
Total Revenues	<u>1,129,000</u>	<u>1,215,505</u>	<u>-</u>	<u>1,215,505</u>	<u>86,505</u>
Expenditures:					
Transportation	2,000,000	1,741,905	21,368	1,763,273	236,727
Total Expenditures	<u>2,000,000</u>	<u>1,741,905</u>	<u>21,368</u>	<u>1,763,273</u>	<u>236,727</u>
Revenues over (under) expenditures	<u>(871,000)</u>	<u>(526,400)</u>	<u>(21,368)</u>	<u>(547,768)</u>	<u>323,232</u>
Other financing sources:					
Transfer from General Fund	871,000	1,741,048	-	1,741,048	870,048
Total other financing sources	<u>871,000</u>	<u>1,741,048</u>	<u>-</u>	<u>1,741,048</u>	<u>870,048</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,214,648</u>	<u>(21,368)</u>	<u>\$ 1,193,280</u>	<u>\$ 1,193,280</u>
Total fund balance:					
Beginning of year, July 1			1,214,648		
End of year, June 30			<u>\$ 1,193,280</u>		

Town of Stallings
New Town Hall Building and Public Works Building - Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2020

Schedule 6

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Interest	\$ -	\$ 128	\$ 93	\$ 221	\$ 221
Total Revenues	<u>-</u>	<u>128</u>	<u>93</u>	<u>221</u>	<u>221</u>
Expenditures:					
General Government	2,750,377	683,146	1,917,315	2,600,461	149,916
Public Works	738,473	190,238	576,814	767,052	(28,579)
Total Expenditures	<u>3,488,850</u>	<u>873,384</u>	<u>2,494,129</u>	<u>3,367,513</u>	<u>121,337</u>
Revenues over (under) expenditures	<u>(3,488,850)</u>	<u>(873,256)</u>	<u>(2,494,036)</u>	<u>(3,367,292)</u>	<u>(121,116)</u>
Other financing sources:					
Transfer from General Fund	362,850	96,907	352,385	449,292	86,442
Transfer from Storm Water Fund	208,000	-	-	-	(208,000)
Installment Financing Proceeds	2,918,000	2,918,000	-	2,918,000	-
Total other financing sources	<u>3,488,850</u>	<u>3,014,907</u>	<u>352,385</u>	<u>3,367,292</u>	<u>(121,558)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$2,141,651</u>	<u>(2,141,651)</u>	<u>\$ -</u>	<u>\$ -</u>
Total fund balance:					
Beginning of year, July 1			<u>2,141,651</u>		
End of year, June 30			<u>\$ -</u>		

Town of Stallings
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP) - Storm Water Fund
For the Fiscal Year Ended June 30, 2020

Schedule 7

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Residential and commercial fees		\$ 475,932	
Total revenues	\$ 500,500	475,932	\$ (24,568)
Expenditures:			
Salaries and employee benefits		96,206	
Professional fees		7,784	
Other operating expenditures		170,393	
Capital Outlay		206,657	
Total expenditures	500,500	481,040	19,460
Revenues over (under) expenditures	-	(5,108)	(5,108)
Other financing sources (uses):			
Transfer to other fund:			
Fund balance appropriated	208,000	-	(208,000)
General Fund	(208,000)	(208,000)	-
Total other financing sources (uses)	-	(208,000)	(208,000)
Revenues and other sources over (under) expenditures and other uses	\$ -	(213,108)	\$ (213,108)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		206,657	
Depreciation		(16,541)	
Decrease in deferred outflows of resources - pensions		(706)	
Increase in net pension liability		(2,942)	
Decrease in deferred inflows of resources - pensions		133	
Increase in accrued vacation pay		(2,346)	
Change in net position		\$ (28,853)	



Other Schedules



Town of Stallings
Schedule of Ad Valorem Taxes Receivable
June 30, 2020

Schedule 8

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections And Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 4,090,187	\$ 4,077,348	\$ 12,839
2018-2019	7,508	-	5,318	2,190
2017-2018	1,297	-	612	685
2016-2017	721	-	167	554
2015-2016	310	-	77	233
2014-2015	2,797	-	-	2,797
2013-2014	2,564	-	-	2,564
2012-2013	1,098	-	-	1,098
2011-2012	479	-	-	479
2010-2011	938	-	-	938
2009-2010	606	-	606	-
	<u>\$ 18,318</u>	<u>\$ 4,090,187</u>	<u>\$ 4,084,128</u>	<u>\$ 24,377</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 4,088,572
Amounts written off per Statute of Limitations	606
Interest and penalties collected	(8,138)
Refunds and adjustments	<u>3,088</u>
Total collections and credits	<u>\$ 4,084,128</u>

**Town of Stallings
Analysis of Current Tax Levy
Town-Wide Levy
June 30, 2020**

Schedule 9

	Town-Wide Levy			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 1,710,114,157	\$ 0.215	\$ 3,670,025	\$ 3,670,025	\$ -
Registered motor vehicles	<u>190,613,935</u>	0.215	<u>415,009</u>	<u>-</u>	<u>415,009</u>
Total	<u>1,900,728,092</u>		<u>4,085,034</u>	<u>3,670,025</u>	<u>415,009</u>
Discoveries	3,170,316	0.215	6,816	6,816	-
Releases	<u>(773,321)</u>	0.215	<u>(1,663)</u>	<u>(1,663)</u>	<u>-</u>
Total property valuation	<u>\$ 1,903,125,087</u>				
Net levy			<u>4,090,187</u>	<u>3,675,178</u>	<u>415,009</u>
Uncollected taxes at June 30, 2020			<u>(12,839)</u>	<u>(10,892)</u>	<u>(1,947)</u>
Current year's taxes collected			<u>\$ 4,077,348</u>	<u>\$ 3,664,286</u>	<u>\$ 413,062</u>
Current levy collection percentage			<u>99.69%</u>	<u>99.70%</u>	<u>99.53%</u>

TOWN OF STALLINGS, NORTH CAROLINA

STATISTICAL SECTION

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

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	65-69
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property taxes.	70-73
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.	74-77
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.	78-79
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.	80-82



Financial Trends



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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Primary government										
Governmental Activities										
Net investment in capital assets	\$ 22,711,108	\$ 23,143,705	\$ 21,382,155	\$ 19,006,919	\$ 20,423,290	\$ 18,692,634	\$ 17,494,027	\$ 15,238,157	\$ 10,651,733	\$ 11,476,374
Restricted	560,270	544,028	399,027	649,079	635,132	931,408	1,286,181	881,186	727,384	745,913
Unrestricted	<u>6,550,545</u>	<u>4,958,937</u>	<u>5,511,994</u>	<u>6,598,559</u>	<u>7,529,109</u>	<u>8,072,675</u>	<u>8,041,878</u>	<u>7,305,426</u>	<u>11,190,190</u>	<u>8,933,072</u>
Total Net Position	29,821,923	28,646,670	27,293,176	26,254,557	28,587,531	27,696,717	26,822,086	23,424,769	22,569,307	21,155,359
Business-type Activities										
Net investment in capital assets	-	-	-	-	-	-	63,680	104,293	385,891	576,007
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>299,734</u>	<u>322,191</u>	<u>393,880</u>	<u>299,429</u>	<u>606,727</u>	<u>699,830</u>	<u>881,418</u>	<u>1,152,240</u>	<u>1,284,670</u>	<u>1,065,701</u>
Total Net Position	299,734	322,191	393,880	299,429	606,727	699,830	945,098	1,256,533	1,670,561	1,641,708
 Total primary government net position	 <u>\$ 30,121,657</u>	 <u>\$ 28,968,861</u>	 <u>\$ 27,687,056</u>	 <u>\$ 26,553,986</u>	 <u>\$ 29,194,258</u>	 <u>\$ 28,396,547</u>	 <u>\$ 27,767,184</u>	 <u>\$ 24,681,302</u>	 <u>\$ 24,239,868</u>	 <u>\$ 22,797,067</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenses										
Governmental activities:										
General government	\$ 923,909	\$ 934,876	\$ 424,898	\$ 952,887	\$ 977,476	\$ 1,089,163	\$ 1,167,904	\$ 1,068,861	\$ 1,087,177	\$ 1,214,334
Public safety	1,791,967	1,787,983	2,001,411	1,886,133	1,859,414	2,046,085	2,234,108	2,318,412	2,314,035	2,441,615
Transportation	2,317,123	2,774,386	2,954,697	2,836,426	2,696,181	3,160,071	3,204,115	4,461,415	3,411,976	4,564,581
Economic and physical development	253,791	225,086	219,862	227,831	139,329	195,538	352,857	483,469	402,097	342,983
Environmental protection	1,010,447	808,458	832,879	859,831	903,601	912,934	885,217	906,820	885,833	945,978
Cultural and recreation	138,438	120,499	776,752	509,513	479,700	564,240	624,931	689,156	672,099	724,738
Public Works	-	-	-	-	-	-	-	138,979	278,521	267,894
Interest on long term debt	36,066	23,123	1,218	-	-	-	-	-	-	97,315
Total Governmental activities	6,471,741	6,674,411	7,211,717	7,272,621	7,055,701	7,968,031	8,469,132	10,067,112	9,051,738	10,599,438
Business-type activities:										
Stormwater	81,008	212,827	164,700	331,544	167,320	388,383	243,248	182,369	274,299	296,785
Total Business-type activities	81,008	212,827	164,700	331,544	167,320	388,383	243,248	182,369	274,299	296,785
Total primary government expenses	6,552,749	6,887,238	7,376,417	7,604,165	7,223,021	8,356,414	8,712,380	10,249,481	9,326,037	10,896,223
Program Revenues										
Governmental activities:										
Charges for services:										
General government	-	-	-	1,200	1,100	800	-	300	4,807	69,400
Public safety	3,217	6,561	8,693	6,515	5,429	6,219	3,345	4,036	2,736	2,841
Economic and physical development	13,541	21,508	31,499	41,820	82,049	96,409	62,855	78,807	137,033	96,603
Environmental protection	-	1,003	-	-	-	-	-	-	-	-
Cultural and recreation	2,505	-	17,634	151,872	75,390	62,066	124,881	14,687	56,141	3,808
Transportation	-	-	-	-	-	-	-	-	113,200	146,800
Operating grants and contributions:										
Public safety	2,473	973	63,962	156,468	29,827	505,762	39,889	1,859	1,000	-
Transportation	-	-	-	-	-	-	-	-	-	2,086,814
Economic and physical development	-	9,009	8,012	-	-	-	-	-	-	-
Environmental protection	-	-	-	8,086	8,068	11,994	10,407	10,493	11,963	12,431
Cultural and recreation	-	-	-	-	-	-	-	-	-	-
Transportation	-	347,052	360,731	368,285	375,211	558,002	393,611	399,228	1,614,960	-
Interest on long term debt	294,922	-	-	-	-	-	-	-	-	-
Capital grants and contributions:										
Cultural and recreation	-	-	3,750	-	-	-	14,200	-	12,500	-
Public safety	-	-	-	6,200	46,701	-	-	-	-	-
Transportation	-	-	94,919	35,774	3,371,018	-	1,119,132	-	310,595	-
Total Governmental activities	316,658	386,106	589,200	776,220	3,994,793	1,241,252	1,768,320	509,410	2,264,935	2,418,697
Business-type activities:										
Stormwater	227,489	235,087	236,244	236,949	474,505	481,394	488,516	493,804	474,935	475,932
Capital grants and contributions:										
Stormwater	-	-	-	-	-	-	-	-	213,392	-
Total Business-type activities	227,489	235,087	236,244	236,949	474,505	481,394	488,516	493,804	688,327	475,932
Total governmental activities program revenues	544,147	621,193	825,444	1,013,169	4,469,298	1,722,646	2,256,836	1,003,214	2,953,262	2,894,629
Net (expense)/revenue										
Total governmental activities net (expense)/revenue	(6,008,602)	(6,266,045)	(6,550,973)	(6,590,996)	(2,753,723)	(6,633,768)	(6,455,544)	(9,246,267)	(6,372,775)	(8,001,594)

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Revenues and Other Changes in Net Position										-
Governmental activities:										
<i>Taxes:</i>										
Property taxes	3,452,532	3,504,671	3,534,525	3,677,957	3,697,772	3,705,616	3,819,553	3,909,481	3,999,804	4,095,217
Other Taxes and licenses	-	-	-	-	-	-	-	2,117,572	2,184,198	2,256,536
Unrestricted intergovernmental revenues	-	-	-	-	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	13,298,648	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	22,126	13,269	10,320	8,587	7,348	15,849	35,226	86,035	149,508	116,977
Restricted investment earnings	907	1,611	450	41	122	1,541	1,885	4,491	10,958	5,630
Miscellaneous	73,423	12,036	47,571	37,317	36,629	35,824	151,590	35,977	9,792	82,433
Gain / Loss on sale of capital assets	-	(27,975)	2,317	-	(4,100)	60,250	7,062	6,829	-	2,000
Total governmental activities general revenues	<u>16,847,636</u>	<u>3,503,612</u>	<u>3,595,183</u>	<u>3,723,902</u>	<u>3,737,771</u>	<u>3,819,080</u>	<u>4,015,316</u>	<u>6,160,385</u>	<u>6,354,260</u>	<u>6,558,793</u>
Change in Net Position										
Governmental activities	12,204,761	(1,175,253)	(1,353,494)	(1,038,619)	2,588,834	(890,814)	(629,435)	(3,397,317)	(432,543)	(1,413,948)
Business-type activities	146,696	22,457	71,689	(94,451)	307,298	93,103	245,268	311,435	414,028	(28,853)
Net position-beginning	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	24,239,868
Restatement	-	-	-	-	(255,860)	-	(245,196)	-	(422,919)	-
Net position-ending	<u>\$ 30,121,657</u>	<u>\$ 28,968,861</u>	<u>\$ 27,687,056</u>	<u>\$ 26,553,986</u>	<u>\$ 29,194,258</u>	<u>\$ 28,396,547</u>	<u>\$ 27,767,184</u>	<u>\$ 24,681,302</u>	<u>\$ 24,239,868</u>	<u>\$ 22,797,067</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund										
Non-spendable										
Prepays	\$ 19,275	\$ 17,624	\$ 196	\$ 754	\$ 135,406	\$ 26,288	\$ -	\$ -	\$ -	\$ -
Restricted										
Stabilization by State Statute	227,547	195,700	228,966	211,796	249,413	285,214	667,933	601,599	462,389	401,137
Streets - Powell Bill	189,356	348,328	170,061	373,424	320,121	251,888	313,445	153,094	239,450	291,514
Drug Forfeiture	-	-	-	63,859	65,598	394,306	304,803	126,493	25,545	53,262
Committed										
Law Enforcement Separation Allowance	143,367	144,573	164,203	182,235	212,056	243,427	-	-	-	-
Parks and Recreation	-	-	68,200	122,605	129,881	223,263	330,043	330,043	374,474	374,474
Chestnut Lane Roundabout	-	-	-	-	-	-	-	350,000	350,000	-
Assigned										
Designated for subsequent year's expenditures	507,300	494,243	1,239,200	1,615,000	200,000	1,266,000	1,000,000	1,550,000	2,016,800	2,091,800
Minimum fund balance requirement	-	-	-	-	-	2,211,600	2,249,400	2,478,150	2,654,040	2,189,160
Unassigned										
Designated for parks improvements	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	108,360	-	-	-	-	-	-	-	-	-
Unassigned	<u>4,772,512</u>	<u>4,649,187</u>	<u>4,253,239</u>	<u>4,925,945</u>	<u>7,249,940</u>	<u>4,533,650</u>	<u>5,216,484</u>	<u>3,355,658</u>	<u>3,270,119</u>	<u>4,138,319</u>
Total General Fund	<u>\$ 5,967,717</u>	<u>\$ 5,849,655</u>	<u>\$ 6,124,065</u>	<u>\$ 7,495,618</u>	<u>\$ 8,562,415</u>	<u>\$ 9,435,636</u>	<u>\$ 10,082,108</u>	<u>\$ 8,945,037</u>	<u>\$ 9,392,817</u>	<u>\$ 9,539,666</u>
All Other Governmental Funds										
Reserved for:										
Capital projects	1,309,281	(165,907)	-	(28,340)	640	-	(42,868)	-	3,356,299	-
Non-Major Funds	-	-	-	-	-	-	-	-	-	1,193,280
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,193,280</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues										
Ad valorem taxes	\$ 3,448,134	\$ 3,499,611	\$ 3,544,630	\$ 3,672,033	\$ 3,695,103	\$ 3,720,553	\$ 3,817,785	\$ 3,913,632	\$ 4,036,118	\$ 4,088,572
Other taxes and licenses	807,645	892,407	934,963	74,281	80,587	38,209	42,555	38,287	23,004	7,593
Unrestricted intergovernmental	696,450	717,230	739,022	1,659,743	1,831,497	1,978,768	2,013,506	2,079,285	2,161,194	2,248,943
Restricted intergovernmental	305,723	357,034	432,705	532,839	459,807	1,075,758	507,625	411,580	1,627,923	414,998
Permits and fees	22,692	28,069	40,192	179,440	140,191	145,173	180,042	85,143	300,450	306,644
Rental income	-	-	-	-	-	-	-	-	-	-
Fees in lieu of park land	-	-	-	-	-	-	-	-	-	-
Sales and services	-	-	-	21,967	23,777	20,321	18,101	14,687	13,467	14,008
Investment earnings	22,818	14,683	10,625	8,484	7,357	17,298	37,111	90,526	160,466	122,607
Miscellaneous	70,904	35,563	71,272	37,317	36,629	96,070	151,590	46,562	9,794	1,768,680
Total revenues	<u>5,374,366</u>	<u>5,544,597</u>	<u>5,773,409</u>	<u>6,186,104</u>	<u>6,274,948</u>	<u>7,092,150</u>	<u>6,768,315</u>	<u>6,679,702</u>	<u>8,332,416</u>	<u>8,972,045</u>
Expenditures										
General government	850,471	849,474	825,843	907,226	937,940	1,151,216	1,088,485	997,495	957,762	1,060,868
Public safety	1,637,899	1,698,141	1,892,499	1,776,382	1,795,748	1,841,215	2,083,637	2,148,102	2,174,311	2,147,061
Transportation	345,731	396,646	552,087	639,084	380,415	1,524,683	351,139	1,486,959	365,548	2,312,362
Environmental protection	1,010,447	808,458	832,879	859,831	903,601	912,934	885,217	906,820	885,833	945,978
Economic and physical development	253,791	225,086	219,862	227,831	146,378	193,851	348,067	478,897	405,282	326,667
Culture and recreation	306,402	2,187,083	633,693	332,132	483,064	385,890	577,026	470,477	449,216	483,499
Public Works	-	-	-	-	-	-	-	133,334	269,313	244,661
Debt service:										
Principal	180,900	821,055	19,958	-	-	-	-	-	-	291,800
Interest	36,066	23,123	1,218	-	-	-	-	-	-	97,315
Capital outlay:										
General government	-	-	-	-	6,600	-	17,260	197,402	901,362	2,123,895
Public safety	78,599	128,781	83,587	100,405	130,282	209,780	202,206	283,691	214,786	112,817
Transportation	-	-	271,466	-	395,143	-	611,674	519,060	432,460	360,452
Economic and physical development	-	-	-	-	-	-	-	11,397	-	-
Culture and recreation	-	-	-	-	5,514	-	-	73,194	146,497	76,231
Public Works	-	-	-	-	-	-	-	67,077	243,967	612,609
Total expenditures	<u>4,700,306</u>	<u>7,137,847</u>	<u>5,333,092</u>	<u>4,842,891</u>	<u>5,184,685</u>	<u>6,219,569</u>	<u>6,164,711</u>	<u>7,773,905</u>	<u>7,446,337</u>	<u>11,196,215</u>
Excess of revenues over (under) expenditures	674,060	(1,593,250)	440,317	1,343,213	1,090,263	872,581	603,604	(1,094,203)	886,079	(2,224,170)
Other financing sources (uses)										
Debt issued, capitalized leases	59,947	-	-	-	-	-	-	-	2,918,000	-
Transfer to/from other funds (uses)	-	-	-	-	-	-	-	-	-	208,000
Total other financing sources (uses)	<u>59,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,918,000</u>	<u>208,000</u>
Net change in fund balances	<u>\$ 734,007</u>	<u>\$ (1,593,250)</u>	<u>\$ 440,317</u>	<u>\$ 1,343,213</u>	<u>\$ 1,090,263</u>	<u>\$ 872,581</u>	<u>\$ 603,604</u>	<u>\$ (1,094,203)</u>	<u>\$ 3,804,079</u>	<u>\$ (2,016,170)</u>
Debt services as a percentage of noncapital expenditures	<u>4.7%</u>	<u>12.0%</u>	<u>0.4%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>4.7%</u>



Revenue Capacity



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

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Companies (2)	Total Taxable Assessed Value	Total Direct Tax Rate
<i>Combined Union and Mecklenburg County Totals</i>					
2011	1,405,041,901	176,742,817	8,867,905	1,590,652,623	0.2150
2012	1,420,233,443	189,595,684	9,291,869	1,619,120,996	0.2150
2013	1,430,354,526	194,698,238	9,427,663	1,634,480,427	0.2150
2014	1,438,030,285	196,698,346	9,348,114	1,644,076,745	0.2150
2015	1,461,772,631	230,965,801	9,363,114	1,702,201,546	0.2150
2016	1,452,616,040	245,996,742	13,627,783	1,712,240,565	0.2150
2017	1,472,717,521	272,915,725	13,038,408	1,758,671,654	0.2150
2018	1,510,202,727	284,051,810	16,671,927	1,810,926,464	0.2150
2019	1,566,050,247	283,345,965	16,013,672	1,865,409,884	0.2150
2020	1,602,149,361	287,518,178	13,457,548	1,903,125,087	0.2150

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Mecklenburg County	\$ 0.8387	\$ 0.8166	\$ 0.7922	\$ 0.8157	\$ 0.8157	\$ 0.8157	\$ 0.8157	\$ 0.8157	\$ 0.8232	\$ 0.6169
Union County	\$ 0.6650	\$ 0.6650	\$ 0.6600	\$ 0.6600	\$ 0.7614	\$ 0.7765	\$ 0.7665	\$ 0.7810	\$ 0.7309	\$ 0.7309
Municipality Rates:										
Town of Stallings	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150

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

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

Taxpayer	Type of Business	Fiscal Year 2020			Fiscal Year 2011		
		Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
		Value		Value	Value		Value
Berry Global Films, LLC (formerly AEP Industries Inc)	Manufacturer	38,272,602	1	2.01%	33,524,360	1	2.11%
T&C of NC LLC	Automotive Showroom	15,558,100	2	0.82%	14,696,090	2	0.92%
McGee Corporation	Corporate Headquarters	13,692,644	3	0.72%	7,747,830	7	0.49%
Idlewild Phase 1 Retail Investors LLC	Retail/Shopping Center	10,289,600	4	0.54%	8,796,740	5	0.55%
Stevens Mill Retail, LLC	Retail/Shopping Center	9,000,000	5	0.47%	-	-	-
Union EMC	Service	8,274,598	6	0.43%	-	-	-
Keywell Metals LLC	Manufacturer	7,902,015	7	0.42%	-	-	-
CEM Holdings Corporation	Corporate Headquarters	7,713,100	8	0.41%	4,968,620	9	0.31%
Ham Holdings Stallings LLC	Daycare Facility	6,733,500	9	0.35%	-	-	-
SMB, of Greenville II LLC	Commercial Real Estate	6,409,800	10	0.34%	-	-	-
Triangle Properties Associates LLC	Retail/Shopping Center	-	-	-	10,983,750	3	0.69%
Hallmark Properties VI Et Al	Retail Development	-	-	-	10,081,460	4	0.63%
Crosland Fairhaven LLC	Residential Development	-	-	-	8,465,600	6	0.53%
Interchange X LLC	Storage Facility	-	-	-	5,820,570	8	0.37%
MAK Corporation of Monroe	Hotel	-	-	-	4,951,430	10	0.31%
Total		\$ 123,845,959		6.51%	\$ 110,036,450		6.92%

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

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

Fiscal Year Ended June 30	Total Levy for Fiscal Year (Original Year)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2011	3,454,918	3,412,169	98.76%	41,811	3,453,980	99.97%
2012	3,496,478	3,452,016	98.73%	44,183	3,496,199	99.99%
2013	3,535,481	3,503,286	99.09%	31,638	3,534,924	99.98%
2014	3,658,098	3,623,590	99.06%	31,944	3,655,534	99.93%
2015	3,688,886	3,664,902	99.35%	21,187	3,686,089	99.92%
2016	3,698,728	3,683,588	99.59%	14,907	3,698,495	99.99%
2017	3,817,650	3,805,186	99.67%	11,910	3,817,096	99.99%
2018	3,901,677	3,895,482	99.84%	5,510	3,900,992	99.98%
2019	4,022,614	4,015,106	99.81%	5,318	4,020,424	99.95%
2020	4,090,187	4,077,348	99.69%	-	4,077,348	99.69%

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
2011	-	0.00%	-	-
2012	-	0.00%	-	-
2013	-	0.00%	-	-
2014	-	0.00%	-	-
2015	-	0.00%	-	-
2016	-	0.00%	-	-
2017	-	0.00%	-	-
2018	-	0.00%	-	-
2019	-	0.00%	-	-
2020	-	0.00%	-	-

Note: The Town of Stallings has never issued General Obligation Bonds.
 Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Total Primary Government</u>	<u>Per Capita</u>	<u>Percentage of Per Capita Income</u>
	<u>Capital Leases</u>	<u>Notes Payable/ Installment Purchase</u>			
2011	66,614	774,400	841,014	59	0.24%
2012	19,959	-	19,959	1	0.01%
2013	-	-	-	-	0.00%
2014	-	-	-	-	0.00%
2015	-	-	-	-	0.00%
2016	-	-	-	-	0.00%
2017	-	-	-	-	0.00%
2018	-	-	-	-	0.00%
2019	-	2,918,000	2,918,000	184	0.74%
2020	-	2,626,200	2,626,200	159	0.64%

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, 2020

<u>Governmental Unit</u>	<u>Debt Outstanding (a)</u>	<u>Estimated Percentage Applicable (b)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<i>Towns:</i>			
Stallings (1)	\$ 2,626,200	100.00%	\$ 2,626,200
<i>Counties:</i>			
Union County (2)	427,841,782	6.90%	29,521,152
Mecklenburg County (3)	<u>1,711,962,003</u>	0.02%	<u>328,928</u>
Total direct and overlapping debt	<u>\$ 2,142,429,985</u>		<u>\$ 32,476,280</u>

Sources:

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

Note:

- (a) Includes governmental activities debt only
- (b) Determined by ratio of assessed value of taxable property in the Town of Stallings (\$1,867,473,320) and Union County (\$27,064,767,098).
Determined by ratio of assessed value of taxable property in the Town of Stallings (\$35,651,767) and Mecklenburg County (\$185,555,815,222).
- (c) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Name of Government. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assessed Value of Property	\$ 1,606,937,321	\$ 1,626,361,860	\$ 1,644,409,767	\$ 1,701,440,931	\$ 1,715,760,925	\$ 1,765,952,773	\$ 1,758,671,654	\$ 1,810,926,464	\$ 1,865,409,884	\$ 1,903,125,087
Debt Limit, 8% of Assessed value (Statutory Limitation)	128,554,986	130,108,949	131,552,781	136,115,274	137,260,874	141,276,222	140,693,732	144,874,117	149,232,791	152,250,007
Debt applicable to debt limitations:										
Capital Leases	66,614	19,959	-	-	-	-	-	-	-	-
Notes Payable/Installment Purchases	774,400	-	-	-	-	-	-	-	2,918,000	2,626,200
Statutory Deductions	66,614	19,959	-	-	-	-	-	-	-	-
Total debt applicable to limitations	774,400	-	-	-	-	-	-	-	2,918,000	2,626,200
Legal debt limit	127,713,972	130,088,990	131,552,781	136,115,274	137,260,874	141,276,222	140,693,732	144,874,117	146,314,791	149,623,807
Total net debt applicable to the limit as a percentage of debt limit	<u>0.60%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.96%</u>	<u>1.72%</u>

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

Demographic and Economic Information



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

Fiscal Year	Population	Total Personal Income	Per Capita Personal Income	Public School Enrollment	Unemployment Rate	Town Median Family Income	Median Age
2011	14,224	7,517,483	36,601	647	9.6%	45,206	37.3
2012	14,396	8,262,010	39,646	648	8.6%	41,553	37.5
2013	14,472	8,383,516	39,415	593	8.0%	46,337	37.6
2014	14,968	8,997,563	41,166	590	6.2%	46,784	37.7
2015	14,777	9,726,906	43,669	579	5.3%	79,663	38.2
2016	15,270	-	46,456	620	5.2%	77,374	41.3
2017	15,515	-	46,842	573	3.8%	78,891	41.2
2018	15,647	-	47,729	541	3.7%	80,858	40.7
2019	15,892	-	49,648	620	3.6%	93,218	40.1
2020	16,468	-	51,326	659	3.9%	99,937	40.7

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

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

	<u>2020</u>			<u>2011</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Berry Plastics (formerly AEP Industries)	274	1	20.73%	-	-	0.00%
Scott Clark Toyota	222	2	16.79%	-	-	0.00%
CEM Corporation	200	3	15.13%	-	-	0.00%
Harris Teeter - Idlewild	106	4	8.02%	-	-	0.00%
McGee Corporation	104	5	7.87%	-	-	0.00%
MMDi	104	6	7.87%	-	-	0.00%
Mario's Italian Restaurant & John's Place	80	7	6.05%	-	-	0.00%
Stallings Elementary School	80	8	6.05%	-	-	0.00%
Harris Teeter - Stevens Mill	76	9	5.75%	-	-	0.00%
International Construction Equipment	76	10	5.75%	-	-	0.00%

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

Operating Information



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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Function										
General government	12	12	11	11	10	12	11	15	12	12
Public safety	23	25	25	25	25	25	26	26	26	26
Cultural and recreation	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>3</u>	<u>4</u>	<u>3</u>	<u>3</u>	<u>3</u>
Total	<u>36</u>	<u>39</u>	<u>39</u>	<u>40</u>	<u>39</u>	<u>40</u>	<u>41</u>	<u>44</u>	<u>41</u>	<u>41</u>

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

Source: Human Resource/Payroll

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

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Parks and recreation										
Park facility	2	2	2	2	2	2	2	3	3	3
Park acreage	33.5	33.5	33.5	33.5	33.5	33.5	37.0	37.3	37.3	37.3
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Sworn officers	21	21	22	22	22	20	23	23	23	20
K-9 Unit	-	-	-	-	-	-	-	-	1	1
Civilians - Full-time	3	3	3	3	3	3	3	3	3	3
Patrol vehicles - marked	18	18	18	19	20	21	20	22	22	22
Patrol vehicles - unmarked	6	6	6	6	5	5	5	4	3	4
Public Works										
Town - maintained streets (miles)	44	44	44	44	51	51	53	53	53	53
Sidewalks (miles)	-	-	-	18	19	20	21	21	21	21

Sources: Asset records for departments of the Town

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

Functional Area	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Tax collection rate	99.09%	99.06%	99.35%	99.59%	99.67%	99.84%	99.67%	99.84%	99.81%	99.69%
Culture and Recreation										
Attendance at all events/programs/classes	1,225	7,595	7,400	5,965	8,835	11,345	18,166	12,632	10,415	11,923
Total of events/programs/classes	4	11	17	21	14	49	173	59	13	9
Public Safety										
Calls for service	8,721	12,506	11,622	12,371	12,836	11,402	11,166	9,976	9,723	10,262
Arrests	326	374	341	307	232	198	168	206	218	198
K-9 Assisted Arrests									8	5
Citations Issued	1,808	3,396	2,458	2,183	1,737	1,447	1,754	1,117	1,060	1,172
Community/Proactive Events	-	18,223	19,553	21,164	21,821	23,929	30,262	34,598	30,081	31,158
Public Works										
Miles of Streets/Sidewalks										
Town-maintained	44	44	44	44	51	51	53	53	53	53
Sidewalks	-	-	-	18	19	20	21	21	21	21
Traffic Impact Analysis	-	-	-	-	-	-	-	-	2	3
Economic and Physical Development										
Zoning Permit Activity	236	230	225	358	325	306	223	514	364	192

Sources: Annual reports from various departments of the Town

Note: Culture and Recreation department was temporarily relocated in the existing Town Hall for all of calendar year 2019 due to the demolition of their offices in the Civic building and the construction of the New Town Hall and Public Works buildings. The number of programs and events decreased significantly due to lack available space to continue holding these programs and classes. Also, the Stallings Municipal Park Fountain was closed the summer season due to the COVID 19 pandemic which further reduced activities.

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



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 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, 2020, and the related notes to the financial statements, which collectively comprises the Town of Stallings' basic financial statements, and have issued our report thereon dated October 26, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

POTTER & Company, PA

Monroe, North Carolina
October 26, 2020

**TOWN OF STALLINGS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

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)? _____ Yes X None reported

Non-compliance material to financial statements noted?

_____ Yes X No

Section II. Financial Statement Findings

None reported.

**TOWN OF STALLINGS
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

None



**Comprehensive Annual Financial Report
Fiscal Year Ended on June 30, 2020**