



North Carolina

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021



**TOWN OF STALLINGS
NORTH CAROLINA**

**Annual Comprehensive
Financial Report**

**For the Fiscal Year
Ended June 30, 2021**

**Prepared By
Finance Team**



TOWN OF STALLINGS NORTH CAROLINA

List of Principal Elected Officials Fiscal Year Ended June 30, 2021

Town Council

Wyatt Dunn - **Mayor**

Linda Paxton - **Mayor Pro Tempore**

District 1 - Vacant

Heather Grooms

John Martin

Brad Richardson

David Scholl

Administrative and Financial Staff

Alex Sewell – Town Manager

Erinn Nichols – Assistant Town Manager/Town Clerk

Marsha Gross – Finance Officer

Karen Williams – HR Director



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FOR THE YEAR ENDED JUNE 30, 2021

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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 29, 2021

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, 2021. 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 8.41 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 Government Building 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 Government Building 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 for anyone who may attend the town's council meetings and events. Due to the impacts of the COVID-19 virus, the first council meeting held in the new building was held on July 12, 2021. Additionally, the Town has renovated the second floor of the "old" Town Hall for increased functionality which was completed on August 19, 2020. The old council chambers were converted to a conference room and additional offices giving room for growth in the future.

ECONOMIC CONDITION

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

As a result of this growth was the addition of the U.S. Route 74 Monroe Bypass. The Bypass runs directly through the Town along the existing U.S. Route 74 and Stallings Road. Construction of the Bypass was completed in November 2018. The design of the highway created service roads to our existing businesses, cleared and revitalized unused property, and created a gateway into the town which was not noticeable in the past. Since its opening, the Town has been inundated with

development opportunities to revitalize U.S. Route 74 which in the past years had experienced an exodus of business development. The Town has been working with developers for the construction of healthcare facilities, shopping centers and industrial parks. In 2021, the Town 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. In June 2021, the Town Council reduced this requirement to 20% to provide additional funding for much needed road repairs within the Town. The growth in the economy and the strong fiscal oversight of the Town Council, Stallings has kept the Town's fund balance well above these requirements.

LONG-TERM PLANNING

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

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

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

The Town has also invested in the development of our parks and green space with the adoption of the Connect Stallings Recreation and Greenway Master Plan. During FY2021, Town Council approved the Greenway design and construction documents for the first greenway trail identified

in the plan near Blair Mill Park and Stevens Mill Road which will add and begin to connect our existing parks and pedestrian areas. During the budget process for FY2022, the Blair Mill portion of the Greenway was funded and will begin construction.

ACKNOWLEDGEMENTS

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

The Town of Stallings prepared and submitted annual comprehensive reports for the fiscal years ended June 30, 2015 through June 30, 2020 and were awarded a Certificate of Achievement for Excellence in Financial Reporting for all six years submitted. The town intends to continue to update, improve, and submit ACFRs 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, 2020

Christopher P. Morrill

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, 2020. This sixth report was awarded this prestigious honor.

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

A Certificate of Achievement is valid for a period of one year only. We are planning to submit the Comprehensive Annual Report for this fiscal year ended June 30, 2021 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	<i>Assistant Town Manager/Town Clerk</i>
Marsha Gross	<i>Finance Officer</i>
Karen Williams	<i>Human Resources</i>
Vacant	<i>Engineering/Public Works</i>
Lynne Hair	<i>Town Planner</i>
Dennis Franks	<i>Police Chief</i>
Ashley Platts	<i>Parks and Recreation</i>
Brian Price	<i>Public Works</i>

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

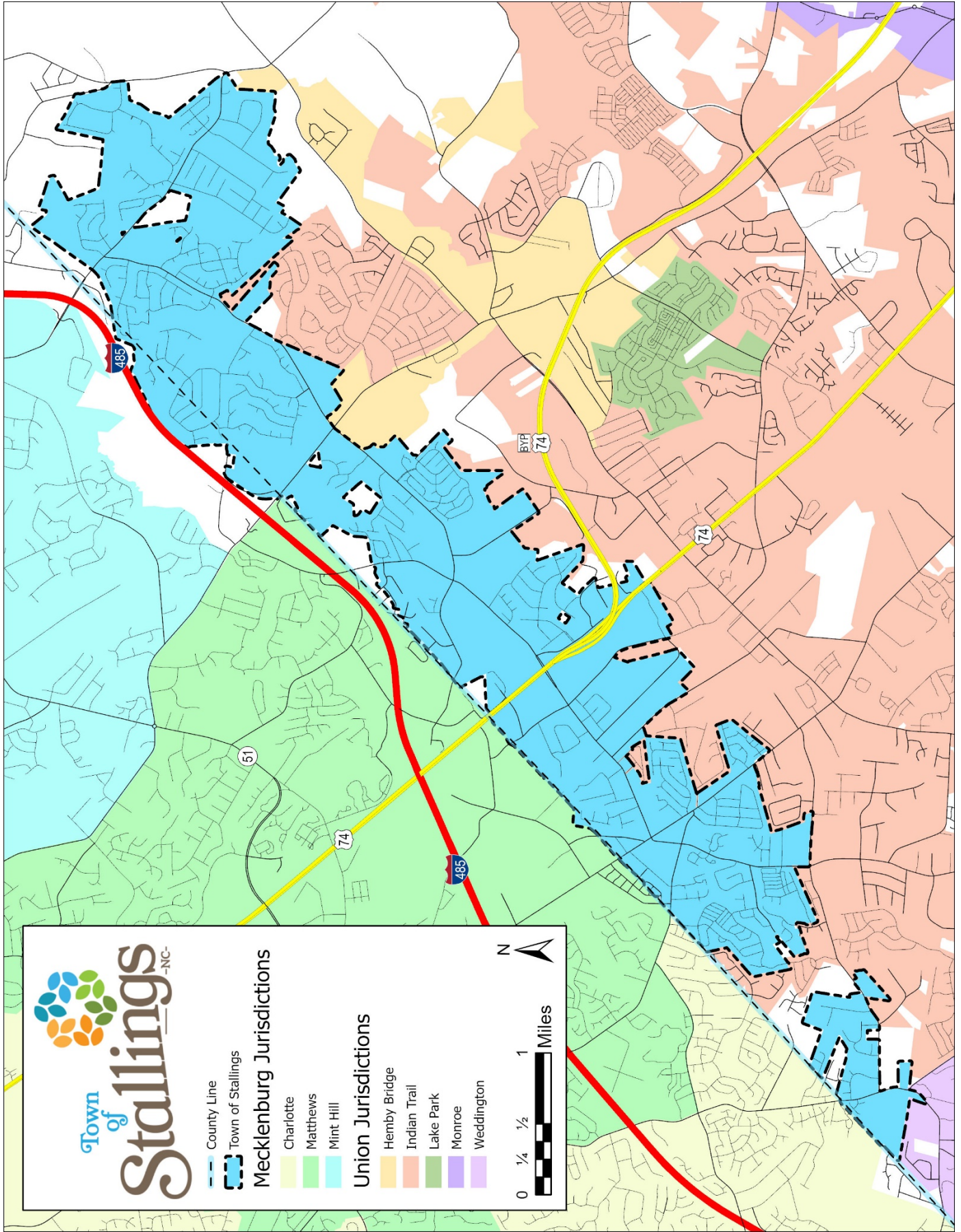
Purpose/Objective: The Historical Committee's purpose is to preserve Town properties and artifacts, designate historical Town landmarks and educate the community on the Town's history. The Committee also is an advisor to both the Town Manager and Council in matters of recognition and dedication to ensure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

Parks and Recreation Committee

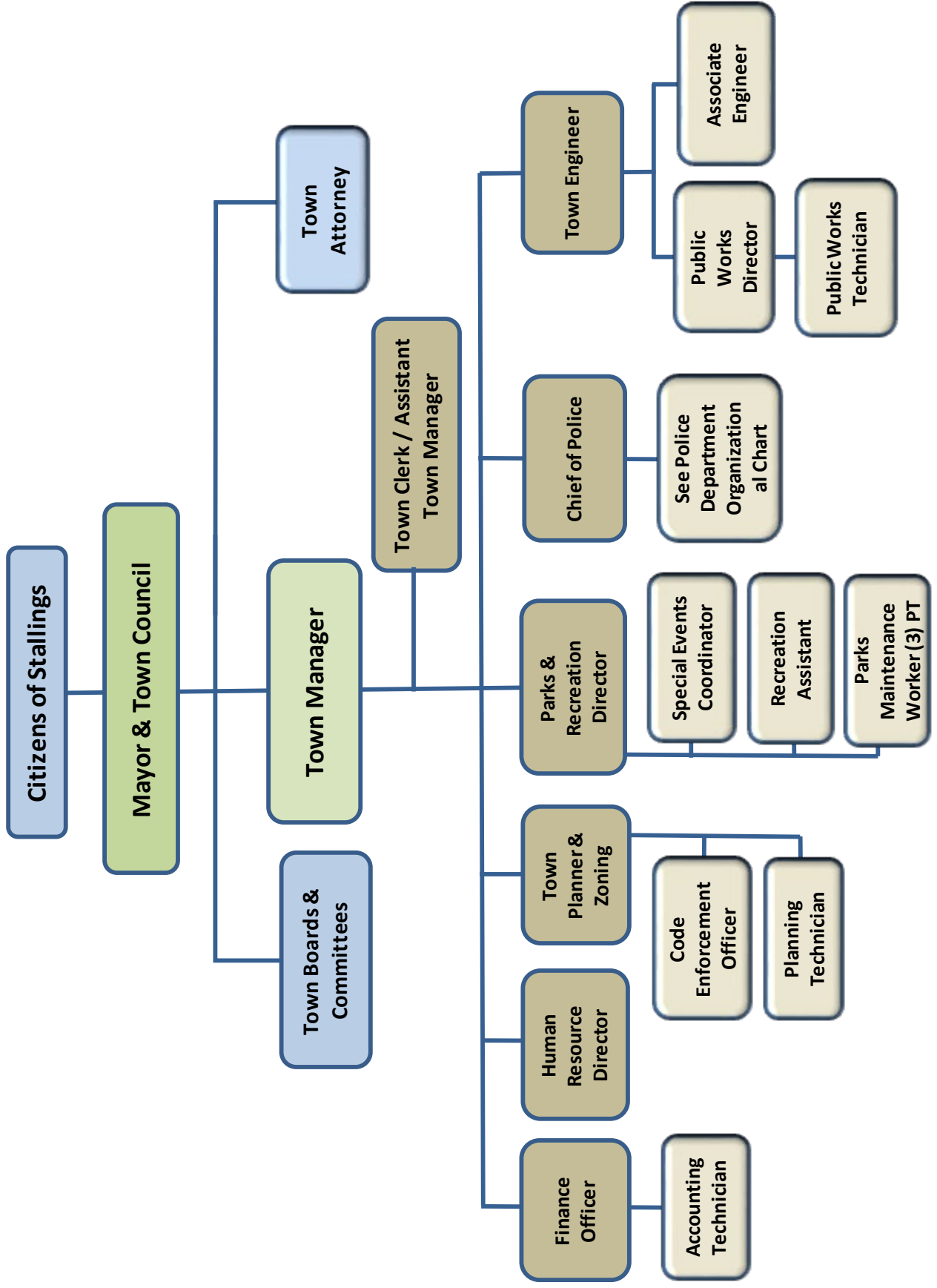
Purpose/Objective: The Park and Recreation Advisory Committee advises the Town Council and Town Manager on the development and administration of all park and recreation programs and special events planning. The Committee provides input for the long-range planning of resources which include park land,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

4. Ad Hoc Committees

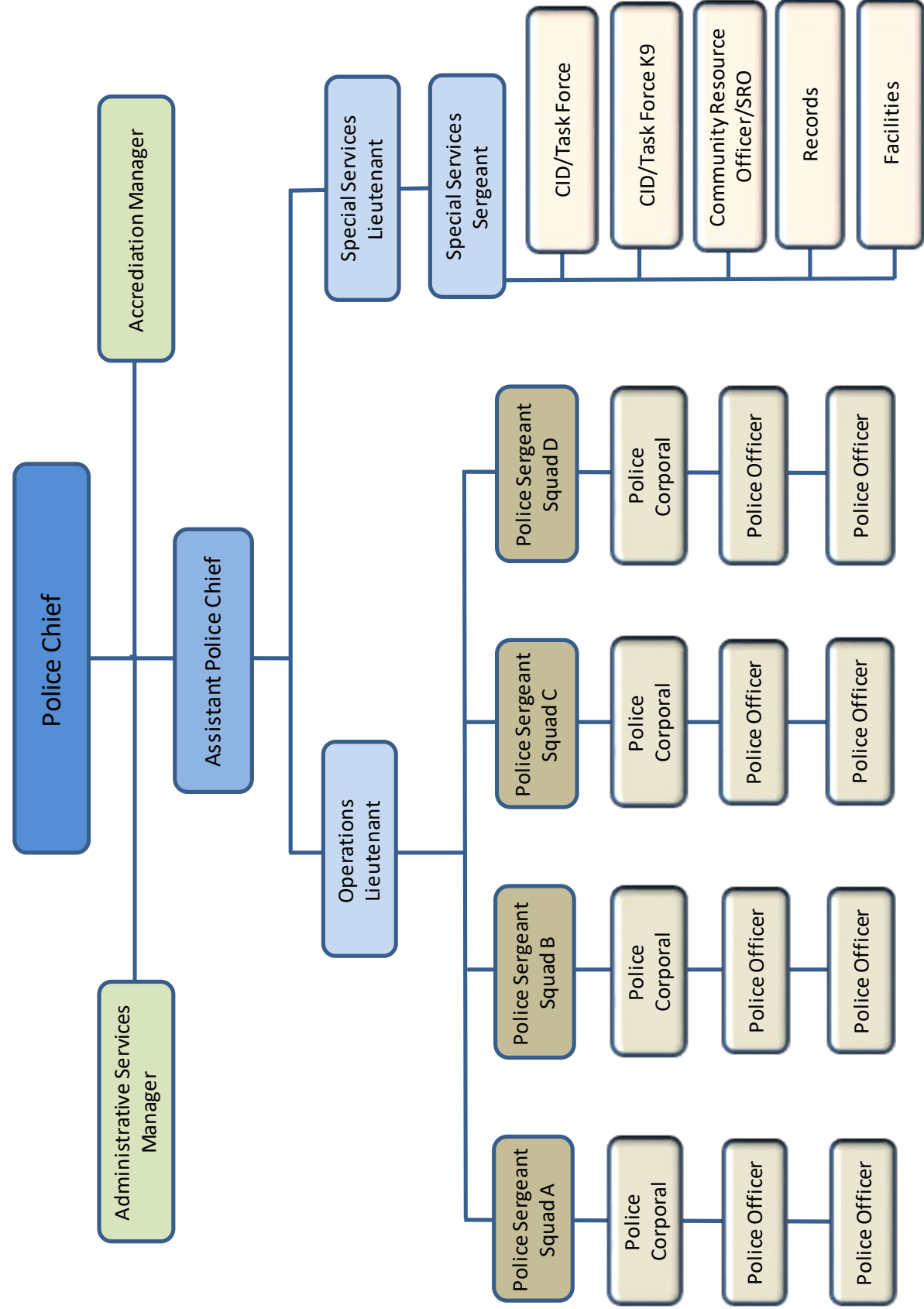
The Mayor and Council have the authority to form an ad-hoc committee at any time for a specific purpose and length of time. These committees are used primary for short term projects or plans the Town is developing. Once the committee has fulfilled its' objectives and reported back to Council, it is dissolved.



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, 2021, 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 *Government 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, 2021, 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's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 50 and 51, respectively, 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 52 and 53 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 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 XX, 2021 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 29, 2021

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, 2021. 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

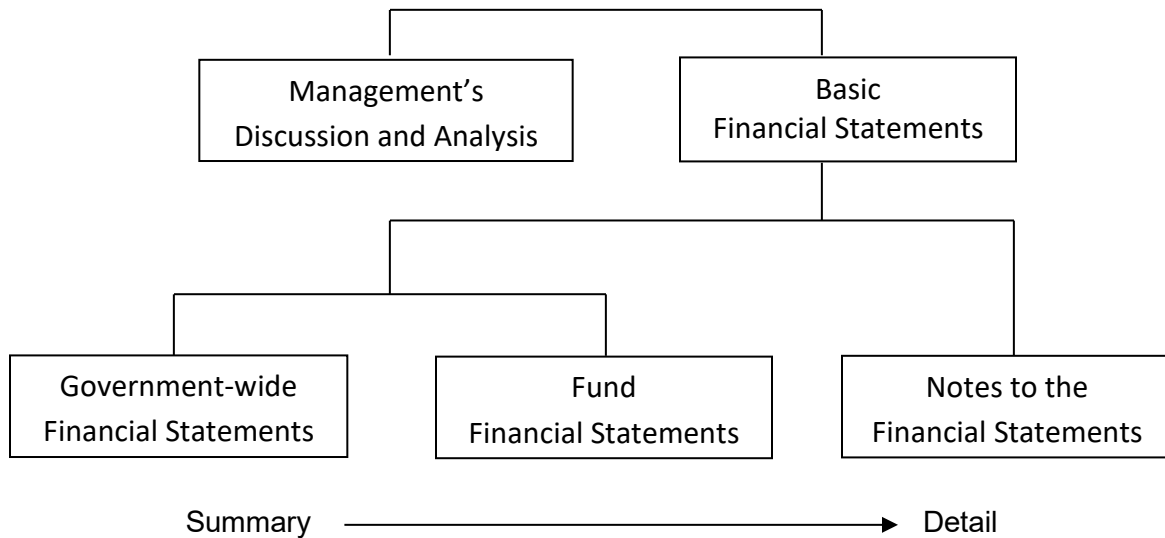
- The assets and deferred outflows of resources of the Town of Stallings exceeded its liabilities and deferred inflows of resources at the close of the year by \$22,875,932 (*net position*).
- The government's total net position increased by \$25,751 while having budgeted use of fund balance of \$2,877,970. The net position increase was due to the delay in the start of construction of the Potter/Pleasant Plains intersection project due to significant projected cost increases, reduced spending related largely to the pandemic, as well as additional revenues including the reimbursement of \$94,490 from North Carolina Department of Transportation (NCDOT) for cost underruns related to the construction of the Chestnut Road Roundabout and \$223,851 related to the Cares Relief Fund Grant.
- At the end of the current fiscal year, the Town of Stallings' governmental funds reported combined ending fund balance of \$11,420,129 resulting in a net increase of \$687,183 in fund balance. This variance is in unassigned fund balance which increased \$2,285,994 which was offset by decreases in assigned minimum fund balance requirement of \$418,520, and in subsequent year expenditures of \$1,343,818.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,424,313 or 77.2% of total general fund expenditures for the fiscal year.
- NCDOT substantially completed construction of the Chestnut Roundabout in FY20-21. Previously, NCDOT had decided to delay this project due to funding issues. However, the roundabout was ultimately constructed because the Town entered into two separate agreements with NCDOT and Terwilliger Pappas (the developer) to advance funding for the project. The total estimated project cost was \$2,425,996 which was funded in combination by the Town, NCDOT, Union County, and the developer. NCDOT was paid a total of \$1,946,747 in 2020 to begin the construction of the road and upon completion NCDOT refunded the funds which were used for the project per the agreements.
- The second principal payment of \$291,800 was paid in February 2021 for the installment purchase agreement for the New Town Hall and Public Works Buildings bringing the balance down to \$2,334,400.

Management Discussion and Analysis Town of Stallings

Overview of the Financial Statements

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

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



Basic Financial Statements

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

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

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

Management Discussion and Analysis

Town of Stallings

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

Management Discussion and Analysis Town of Stallings

The Town of Stallings adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Town Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether the Town succeeded in providing the services as planned when the budget was adopted.

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

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

Notes to the Financial Statements

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

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Stallings' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 50 of this report.

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

**Management Discussion and Analysis
Town of Stallings**

Government-Wide Financial Analysis

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 11,780,385	\$ 11,212,837	\$ 1,252,557	\$ 1,116,313	\$ 13,032,942	\$ 12,329,150
Capital assets	13,186,879	14,102,574	604,623	576,007	13,791,502	14,678,581
Total assets	<u>24,967,264</u>	<u>25,315,411</u>	<u>1,857,180</u>	<u>1,692,320</u>	<u>26,824,444</u>	<u>27,007,731</u>
Deferred outflows of resources	906,381	615,730	18,899	16,601	925,280	632,331
	<u>906,381</u>	<u>615,730</u>	<u>18,899</u>	<u>16,601</u>	<u>925,280</u>	<u>632,331</u>
Long-term liabilities outstanding	3,974,785	3,797,245	30,282	24,111	4,005,067	3,821,356
Other liabilities	779,779	911,440	17,333	42,687	797,112	954,127
Total liabilities	<u>4,754,564</u>	<u>4,708,685</u>	<u>47,615</u>	<u>66,798</u>	<u>4,802,179</u>	<u>4,775,483</u>
Deferred inflows of resources	70,715	67,097	898	415	71,613	67,512
	<u>70,715</u>	<u>67,097</u>	<u>898</u>	<u>415</u>	<u>71,613</u>	<u>67,512</u>
Net position:						
Net investment in capital assets	10,852,479	11,476,374	604,623	576,007	11,457,102	12,052,381
Restricted	1,090,063	745,913	-	-	1,090,063	745,913
Unrestricted	9,105,824	8,933,072	1,222,943	1,065,701	10,328,767	9,998,773
Total net position	<u>\$ 21,048,366</u>	<u>\$ 21,155,359</u>	<u>\$ 1,827,566</u>	<u>\$ 1,641,708</u>	<u>\$ 22,875,932</u>	<u>\$ 22,797,067</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 \$22,875,932 as of June 30, 2021. The Town's net position increased 0.35% or \$78,865 for the fiscal year ended June 30, 2021. The Town's current and other assets increased \$703,792 (due to increased cash from grant and contribution revenues) which was offset by a decrease of \$887,079 in capital assets (e.g. land, streets, buildings, and equipment) for a net decrease in total assets of \$183,287. The Town of Stallings capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is the reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. Deferred outflows of resources increased \$292,949 related to pension deferrals. An additional portion of the Town of Stallings' net position, \$1,090,063, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,328,767 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 99.83% through the county, which continues to exceed the statewide average.
- Increased sales tax revenue of \$227,381 due to continued economic growth in the Town and state.
- Ad valorem tax revenues increased by \$112,041 over last fiscal year due largely to new development in the Town.
- Cost savings and reductions in spending resulted in general fund expenditures being \$1,417,741 less than final budgeted expenditures for fiscal year 2020-21. This difference was achieved through staff's diligence in competing work, closely monitoring actual versus budgeted costs and reduced/delayed expenditures due at least partly to the COVID pandemic. The pandemic continued to impact 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	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 169,155	\$ 319,452	\$ 477,030	\$ 475,932	\$ 646,185	\$ 795,384
Operating grants and contributions	2,112,536	2,099,245	-	-	2,112,536	2,099,245
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	4,195,776	4,095,217	-	-	4,195,776	4,095,217
Other Taxes	2,469,255	2,256,536	-	-	2,469,255	2,256,536
Grants and contributions not restricted to specific programs						
Other	283,911	207,040	-	-	283,911	207,040
Total Revenues not including transfers	9,230,633	8,977,490	477,030	475,932	9,707,663	9,453,422
Transfers	-	208,000	-	(208,000)	-	-
Total General Revenues and Transfers	9,230,633	9,185,490	477,030	267,932	9,707,663	9,453,422
Expenses:						
General Government	1,198,969	1,214,334	-	-	1,198,969	1,214,334
Public Safety	2,450,185	2,441,615	-	-	2,450,185	2,441,615
Transportation	3,391,481	4,564,581	-	-	3,391,481	4,564,581
Economic and physical development	410,079	342,983	-	-	410,079	342,983
Environmental protection	958,668	945,978	-	-	958,668	945,978
Cultural and recreation	668,504	724,738	-	-	668,504	724,738
Public Works	225,606	267,894	-	-	225,606	267,894
Interest on long -term debt	87,248	97,315	-	-	87,248	97,315
Storm water	-	-	291,172	296,785	291,172	296,785
Total Expenses	9,390,740	10,599,438	291,172	296,785	9,681,912	10,896,223
Increase (decrease) in net position	(160,107)	(1,413,948)	185,858	(28,853)	25,751	(1,442,801)
Net Position, beginning, previously reported	21,155,359	22,569,307	1,641,708	1,670,561	22,797,067	24,239,868
Restatement	53,114	-	-	-	53,114	-
Net Position, beginning, restated	21,208,473	22,569,307	1,641,708	1,670,561	22,850,181	24,239,868
Net Position, June 30	\$ 21,048,366	\$ 21,155,359	\$ 1,827,566	\$ 1,641,708	\$ 22,875,932	\$ 22,797,067

Governmental activities. Governmental activities decreased the Town's net position by \$160,107 representing a drop in net position of 0.76%. The most significant factor contributing to this decrease was depreciation expense of \$1,829,476 of Town assets. The effect of this expense on the Town's net position was minimized by Town's increased tax revenues despite the effects of the COVID pandemic on the Town's residents as well as the concerted effort to control costs and manage expenses 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 in total by \$253,143. General revenue increases in property taxes of \$100,559 and other taxes of \$212,719 plus other revenue increase of \$76,871 were partially offset by a decrease in charges for services of \$150,297. The revenue increases are attributed to ad valorem growth in the Town as well as increased sales and use tax collections. The decrease in charges for services is due to a reduction in traffic impact analysis fees in transportation department of \$144,300, permit fees in economic and physical development of \$39,383 and park rentals and fees in cultural and recreational department of \$52,754.
- Total governmental activities expenses decreased \$1,208,698 or 11.4% from the prior fiscal year. The majority of this decrease is in the transportation department where expense related to the Chestnut Roundabout dropped from \$1,946,747 in 2020 to \$1,616,866 in 2021. In addition, delays in road resurfacing and decreases in traffic impact analysis fees further reduced the expenses for the department.
- In FY 2020-21, the Town had a restatement of net position due to an addition of roadways which were not represented in the Town's fixed assets.

Business-type Activities. Business-type activities increased the Town of Stallings' net position by \$185,858 representing an increase of 11.3%.

Key elements of this increase are as follows:

- Revenues for business-type activities increased \$1,098 which is due to growth in the Town. If transfers are included, this difference is \$209,098 which is mostly due to the transfer to governmental activities of \$208,000 during FY 2020-21 for the underground water detention system.
- Total expenses decreased \$5,613 from prior year and repair projects were completed well below budget in fiscal year 2021. 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 2020-21, the Town of Stallings' fund balance available in the General Fund was \$6,424,313, while total fund balance reached \$10,459,856. The Town Council has determined that the Town should maintain an available fund balance of 20% 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 77.2% of general fund expenditures, while total fund balance represents 125.8% of the same amount.

As of June 30, 2021, the governmental funds of the Town of Stallings reported a combined fund balance of \$11,420,129 with a net increase in fund balance of \$687,183 or 6.4% from the prior fiscal year. Included in this change in fund balance is an increase in Streets – Powell Bill fund balance due to delayed road resurfacing work and a decrease in Assigned fund balance for Subsequent year expenditures and minimum fund balance requirement which changed from 30% to 20% in fiscal year 2021. Capital Project Fund for Potter Road/ Pleasant Plains intersection decreased by \$233,007 and represents \$960,273 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 renovated the second floor of Town Hall and purchased an investment property along Stallings Road to be used for future development which were not originally budgeted. Additionally, the Town received a capital contribution from North Carolina Department of Transportation for the Chestnut Roundabout which had offsetting construction expenses that were paid to the developer 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 related to unexpected expenditures and capital outlays. Litigation expenses and capital purchases for the replacement of body and in-car cameras for the police department were also higher than originally budgeted.

At year-end, revenues were 7.9% greater than the budget due to increases in ad valorem tax, sales and use tax, and restricted intergovernmental revenue. Expenditures were 14.6% below budget with savings compared to budget across all departments. Majority of cost savings were in Transportation department due to delays in road resurfacing and in Public Safety department for position vacancies throughout the year. Also, the Cultural and Recreational department had significant savings related to the cancellation of park events and programs due to the COVID pandemic.

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 \$1,222,943. The change in unrestricted net position was an increase of \$157,242. This increase is a result of revenues exceeding operational expenses for the year. The net investment in capital assets also increased \$28,616 making the total change in net positions from prior year an increase of \$185,858.

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, 2021 total \$13,791,502 (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 second-floor renovations of Town Hall and Public Works buildings were completed in July 2020 which reduced construction in progress by \$206,580 from prior fiscal year and added \$385,312 in buildings and improvements.
- The Town purchased investment property along Stallings Road which will likely be used long term for the development of a downtown area which added an additional \$348,122 in buildings and improvements.
- Installation and repair of sidewalks were performed in Callonwood neighborhood for a total addition of \$111,388 to the Town's infrastructure.
- Acquisition of public safety vehicles and equipment totaling \$120,502.
- Stallings Municipal Park's fountain repairs which included granite and stone resurfacing, grate replacement and new fountain filtrations system totaling \$24,415.
- Public works department added equipment which including mini excavator and dump trailer to self-perform tasks that were previously outsourced which totaled \$47,040. Also, HVAC system replacements totaling \$12,721 were added this fiscal year.
- Stalling Municipal Park improvements for playground shades and LED lighting were added for a total cost of \$24,415.
- Several storm water capital improvements were completed including culverts, drain inlets and concrete swales totaling \$47,469.

**Management Discussion and Analysis
Town of Stallings**

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Infrastructure	\$ 4,698,021	\$ 5,787,470	\$ 604,623	\$ 576,007	\$ 5,302,644	\$ 6,363,477
Land improvements	1,340,307	1,524,796	-	-	1,340,307	1,524,796
Buildings and improvements	5,572,482	4,977,897	-	-	5,572,482	4,977,897
Land	978,388	978,388	-	-	978,388	978,388
Vehicles	253,253	308,385	-	-	253,253	308,385
Construction in progress	-	206,580	-	-	-	206,580
Equipment	344,428	313,402	-	-	344,428	313,402
Computers and Software	-	5,656	-	-	-	5,656
Total	\$ 13,186,879	\$ 14,102,574	\$ 604,623	\$ 576,007	\$ 13,791,502	\$ 14,678,581

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, 2021, the Town of Stallings' total debt and outstanding liabilities of \$4,455,924. Of this, installment debt of \$2,334,400 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	
	2021	2020	2021	2020	2021	2020
Installment debt	\$ 2,334,400	\$ 2,626,200	\$ -	\$ -	\$ 2,334,400	\$ 2,626,200
Pension related debt (LGERS)	1,136,085	934,523	30,282	24,111	1,166,367	958,634
Pension related debt (LEO)	796,100	552,433	-	-	796,100	552,433
Compensated absences	157,008	170,391	2,049	6,729	159,057	177,120
Total	<u>\$ 4,423,593</u>	<u>\$ 4,283,547</u>	<u>\$ 32,331</u>	<u>\$ 30,840</u>	<u>\$ 4,455,924</u>	<u>\$ 4,314,387</u>

Town of Stallings' Outstanding Debt

The Town of Stallings' total debt increased by \$141,537 or 3.28% 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 second 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 \$152,192,273.

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:

- Impacting the FY 2021-22 budget this year is the Union County property revaluation. The Town's assessed property values increased from \$1,931,583,412 to \$2,527,688,648 representing a 30.86% increase which was seen across the entire county. The new assessed

Management Discussion and Analysis

Town of Stallings

value is effective January 1, 2021 and is the value that is used for FY 2021-22 ad valorem tax revenues. In accordance with North Carolina State law, the Town was required to calculate a revenue neutral tax rate which is then adjusted by the Town's average growth rate using the new assessed property value. Based on these calculations, the Town's FY 2021-22 revenue neutral tax rate is \$0.166 per \$100 of assessed property value. Town Council reviewed the goals and future needs of Town and voted to add \$0.02 to the revenue neutral rate for street maintenance and other needs within the Town making the current tax rate of \$0.186 for FY 2021-22. Overall, when comparing the fiscal year 2021 to 2022, the Town's tax rate was reduced from the current rate of \$0.215 to \$0.186 per \$100 of assessed property value due to the Union County property tax revaluation.

- Despite the COVID-19 pandemic, the economy has stimulated the housing and construction markets in the Town this fiscal year with ad valorem tax growth of 2.74% as well as economic growth with sales tax increasing 16.65%.
- New development. The Town continues to see relatively strong interest in development within the Town. Several new developments were substantially completed or nearing completion including the Solis at Chestnut Farms development (a mixed-use project consisting of primarily of multi-family in the Chestnut area). Also, Atrium Health continued the development of its major hospital campus beside the Monroe Expressway. Despite the strong development interest in Town, our community's primary water/sewer provider (Union County) has challenges related to limited sewer capacity which has led and/or will likely lead to future developmental delays for projects that have not yet secured sewer capacity.
- Future Downtown – The Town has set creating a downtown as a top priority, has developed a downtown action plan, and has begun plan implementation including property acquisition.
- In FY 2020-21, the Town Council also passed a resolution supporting the Charlotte Area Transit System's (CATS) selected alignment for the proposed LYNX Silver Line Light Rail in Stallings near the hospital complex. While this is just one of the first necessary steps of many to extending the light rail to Stallings, any light rail expansion in the future would have significant impact of our community. However, construction of this project is not a guarantee and would still likely be many years away.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: The Town's budget for fiscal year 2022 continued to be impacted by the COVID-19 pandemic and the uncertainty surrounding its effect on the Town's revenue. For this reason, management and Council has taken a conservative approach for fiscal year 2022 budgeted revenues. Total budgeted revenue for the Town is expected to decrease 18.6% to \$7,528,360 compared to actual revenue of \$9,243,305 in 2021. The large decrease from 2021 is due to the

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contribution of \$1,616,866 for the Chestnut Roundabout which accounts for 94.3% of the total decrease. Grant revenue in 2021 accounts for an additional \$495,670 decrease in fiscal year 2022 budget. Budgeted property taxes increased \$516,145 or 12.3% due to the increase in assessed property values while sales and use taxes decreased \$152,773 or 9.6% from actual revenue in 2021.

Budgeted expenditures in the General Fund are expected to increase 6.44% to \$8,853,200 when compared to actual expenditures of \$8,317,395 in 2021. This increase is primarily seen in transportation department for additional road resurfacing and in cultural and recreational department for the construction of the Vickery portion of the Stallings Greenway.

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

The Town Council has appropriated general fund balance in the amount of \$747,982 which will be used for debt repayment, the purchase of capital equipment in various departments and a portion for the capital project expenditures for the Vickery portion of the Stallings located near Blair Mill Park. The remaining amount for the Greenway was funded using appropriated restricted funds from the parks and recreation fund in the amount of \$426,858. 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, street sweeping and other preventative services to help deter future flooding issues.

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

Request for Information

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

Basic Financial Statements



**Town of Stallings
Statement of Net Position
June 30, 2021**

Exhibit 1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,670,500	\$ 1,252,098	\$ 11,922,598
Taxes receivable (net)	19,555	-	19,555
Accrued interest receivable on taxes	6,213	-	6,213
Accounts receivable (net)	-	8,143	8,143
Due from other governments	453,543	-	453,543
Due from other funds	7,684	(7,684)	-
Restricted cash and cash equivalents	622,890	-	622,890
Total current assets	<u>11,780,385</u>	<u>1,252,557</u>	<u>13,032,942</u>
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	978,388	-	978,388
Other capital assets, net of depreciation	12,208,491	604,623	12,813,114
Total capital assets	<u>13,186,879</u>	<u>604,623</u>	<u>13,791,502</u>
Total non-current assets	<u>13,186,879</u>	<u>604,623</u>	<u>13,791,502</u>
Total assets	<u>24,967,264</u>	<u>1,857,180</u>	<u>26,824,444</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	906,381	18,899	925,280
Total deferred outflows of resources	<u>906,381</u>	<u>18,899</u>	<u>925,280</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	322,162	14,561	336,723
Deposits in escrow	8,809	-	8,809
Unearned revenue	-	723	723
Current portion long-term liabilities	448,808	2,049	450,857
Total current liabilities	<u>779,779</u>	<u>17,333</u>	<u>797,112</u>
Long-term liabilities:			
Net pension liability-LGERS	1,136,085	30,282	1,166,367
Total pension liability-LEO	796,100	-	796,100
Due in more than one year	2,042,600	-	2,042,600
Total long-term liabilities	<u>3,974,785</u>	<u>30,282</u>	<u>4,005,067</u>
Total liabilities	<u>4,754,564</u>	<u>47,615</u>	<u>4,802,179</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	3,518	-	3,518
Pension deferrals	67,197	898	68,095
Total deferred inflows of resources	<u>70,715</u>	<u>898</u>	<u>71,613</u>
NET POSITION			
Net investment in capital assets	10,852,479	604,623	11,457,102
Restricted for:			
Stabilization by State Statute	475,157	-	475,157
Streets	568,898	-	568,898
Drug Forfeiture	46,008	-	46,008
Unrestricted	9,105,824	1,222,943	10,328,767
Total net position	<u>\$ 21,048,366</u>	<u>\$ 1,827,566</u>	<u>\$ 22,875,932</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, 2021

Exhibit 2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating	Capital	Governmental Activities	Primary Government Business-type Activities	Total
		Grants and Contributions	Grants and Contributions			
Primary government:						
Governmental Activities:						
General government	\$ 1,198,969	\$ -	\$ -	\$ (1,147,869)	\$ -	\$ (1,147,869)
Public safety	2,450,185	-	-	(2,448,412)	-	(2,448,412)
Transportation	3,391,481	2,100,048	-	(1,288,933)	-	(1,288,933)
Environmental protection	958,668	12,488	-	(946,180)	-	(946,180)
Economic and physical development	410,079	-	-	(352,859)	-	(352,859)
Public works	225,606	-	-	(225,606)	-	(225,606)
Cultural and recreational	668,504	-	-	(611,942)	-	(611,942)
Interest on long-term debt	87,248	-	-	(87,248)	-	(87,248)
Total governmental activities	<u>9,390,740</u>	<u>2,112,536</u>	<u>-</u>	<u>(7,109,049)</u>	<u>-</u>	<u>(7,109,049)</u>
Business-type activities:						
Storm Water	291,172	-	-	-	185,858	185,858
Total business-type activities	<u>291,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,858</u>	<u>185,858</u>
Total primary government	\$ 9,681,912	\$ 2,112,536	\$ -	\$ (7,109,049)	\$ 185,858	\$ (6,923,191)
General revenues:						
Taxes:						
Property taxes, levied for general purpose				\$ 4,195,776	\$ -	\$ 4,195,776
Sales taxes				1,592,773	-	1,592,773
Utilities Sales tax				799,347	-	799,347
Beer and wine taxes				69,686	-	69,686
Other taxes and licenses				7,449	-	7,449
Unrestricted investment earnings				2,057	-	2,057
Restricted investment earnings				80	-	80
Miscellaneous				281,774	-	281,774
Total general revenues not including transfers				<u>6,948,942</u>	<u>-</u>	<u>6,948,942</u>
Transfers				-	-	-
Total general revenues and transfers				<u>6,948,942</u>	<u>-</u>	<u>6,948,942</u>
Change in net position				(160,107)	185,858	25,751
Net position, beginning, as previously reported				21,155,359	1,641,708	22,797,067
Prior period restatement				53,114	-	53,114
Net position, beginning, as restated				<u>21,208,473</u>	<u>1,641,708</u>	<u>22,850,181</u>
Net position, ending				<u>\$ 21,048,366</u>	<u>\$ 1,827,566</u>	<u>\$ 22,875,932</u>

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

**Town of Stallings
Balance Sheet
Governmental Funds
June 30, 2021**

Exhibit 3

	Major Funds		Total Governmental Funds
	General Fund	Non-Major Funds	
ASSETS			
Cash and cash equivalents	\$ 10,670,500	\$ -	\$ 10,670,500
Restricted cash	622,890	-	622,890
Receivables, net:			
Taxes	19,555	-	19,555
Due from other governments	453,543	-	453,543
Due from other funds	7,684	965,273	972,957
Total assets	<u>\$ 11,774,172</u>	<u>\$ 965,273</u>	<u>\$ 12,739,445</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 317,161	\$ 5,000	\$ 322,161
Due to other funds	965,273	-	965,273
Deposits in escrow	8,809	-	8,809
Total liabilities	<u>1,291,243</u>	<u>5,000</u>	<u>1,296,243</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	19,555	-	19,555
Prepaid taxes	3,518	-	3,518
Total deferred inflows of resources	<u>23,073</u>	<u>-</u>	<u>23,073</u>
FUND BALANCES			
Restricted			
Stabilization by State Statute	475,157	-	475,157
Streets - Powell Bill	568,898	-	568,898
Drug Forfeiture	46,008	-	46,008
Committed			
Parks and Recreation	426,858	-	426,858
Capital Projects Fund	-	960,273	960,273
Assigned			
Subsequent year expenditures	747,982	-	747,982
Minimum fund balance requirement	1,770,640	-	1,770,640
Unassigned	6,424,313	-	6,424,313
Total fund balances	<u>10,459,856</u>	<u>960,273</u>	<u>11,420,129</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,774,172</u>	<u>\$ 965,273</u>	<u>\$ 12,739,445</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, 2021

Exhibit 4

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

Total fund balance - Governmental Funds		\$ 11,420,129
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	45,344,922	
Accumulated depreciation	<u>(32,158,043)</u>	13,186,879
Deferred outflows of resources related to pensions are not reported in the funds		
		906,381
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		
		6,213
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Compensated absences	(157,009)	
Notes payable	(2,334,400)	
Net pension liability (LGERS)	(1,136,085)	
Total pension liability (LEOSSA)	<u>(796,100)</u>	(4,423,594)
Deferred inflows of resources related to pensions are not reported in the funds		
		(67,197)
Earned revenues considered deferred inflows of resources in fund statements		
		<u>19,555</u>
Net position of governmental activities		<u><u>\$ 21,048,366</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, 2021

Exhibit 5

	Major Funds		Total Governmental Funds
	General	Non-Major Funds Total	
REVENUES			
Ad valorem taxes	\$ 4,200,515	\$ -	\$ 4,200,515
Other taxes and licenses	7,449	-	7,449
Unrestricted intergovernmental	2,461,807	-	2,461,807
Restricted intergovernmental	675,031	-	675,031
Permits and fees	162,707	-	162,707
Investment earnings	2,136	-	2,136
Sales and services	14,377	-	14,377
Miscellaneous	1,719,283	-	1,719,283
Total revenues	<u>9,243,305</u>	<u>-</u>	<u>9,243,305</u>
EXPENDITURES			
Current:			
General government	1,011,211	-	1,011,211
Public safety	2,172,375	-	2,172,375
Transportation	1,900,285	233,007	2,133,292
Environmental protection	958,668	-	958,668
Economic and physical development	415,598	-	415,598
Public works	198,342	-	198,342
Cultural and recreational	426,921	-	426,921
Debt service:			
Principal	291,800	-	291,800
Interest	87,248	-	87,248
Capital Outlay			
General government	538,881	5,720	544,601
Public safety	120,502	-	120,502
Transportation	111,388	-	111,388
Public works	59,761	-	59,761
Cultural and recreational	24,415	-	24,415
Total expenditures	<u>8,317,395</u>	<u>238,727</u>	<u>8,556,122</u>
Excess (deficiency) of revenues over expenditures	<u>925,910</u>	<u>(238,727)</u>	<u>687,183</u>
OTHER FINANCING SOURCES (USES)			
Transfer to/from other funds	<u>(5,720)</u>	<u>5,720</u>	<u>-</u>
Total other financing sources (uses)	<u>(5,720)</u>	<u>5,720</u>	<u>-</u>
Net change in fund balance	920,190	(233,007)	687,183
Fund balances, beginning	9,539,666	1,193,280	10,732,946
Fund balances, ending	<u>\$ 10,459,856</u>	<u>\$ 960,273</u>	<u>\$ 11,420,129</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, 2021

Exhibit 6

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

Net changes in fund balances - total governmental funds	\$	687,183
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	\$	860,667
Depreciation expense for governmental assets	<u>(1,829,476)</u>	(968,809)
<p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>		
		236,687
<p>Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities</p>		
		58,983
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in accrued interest receivable from taxes		83
Change in unavailable revenue for tax revenues	<u>(4,823)</u>	(4,740)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments on long-term debt	<u>291,800</u>	291,800
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences		13,383
Pension expense		<u>(474,594)</u>
Total changes in net position of governmental activities	\$	<u><u>(160,107)</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, 2021

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 4,032,500	\$ 4,032,500	\$ 4,200,515	\$ 168,015
Unrestricted intergovernmental	2,124,000	2,124,000	2,461,807	337,807
Restricted intergovernmental	411,800	411,800	675,031	263,231
Other taxes and licenses	8,500	8,500	7,449	(1,051)
Permits and fees	175,500	216,400	162,707	(53,693)
Investment earnings	126,000	126,000	2,136	(123,864)
Sales and services	20,100	20,100	14,377	(5,723)
Miscellaneous	7,000	1,623,866	1,719,283	95,417
Total revenues	<u>6,905,400</u>	<u>8,563,166</u>	<u>9,243,305</u>	<u>680,139</u>
Expenditures:				
Current:				
General government	1,227,500	1,746,500	1,550,092	196,408
Public safety	2,595,500	2,685,770	2,292,877	392,893
Transportation	733,200	2,433,066	2,011,673	421,393
Economic and physical development	346,600	480,800	415,598	65,202
Environmental protection	1,020,000	1,020,000	958,668	61,332
Public works	305,700	303,800	258,103	45,697
Cultural and recreational	688,700	685,200	451,336	233,864
Debt service:				
Principal	291,800	291,800	291,800	-
Interest	88,100	88,100	87,248	852
Contingency	100	100	-	100
Total expenditures	<u>7,297,200</u>	<u>9,735,136</u>	<u>8,317,395</u>	<u>1,417,741</u>
Revenues over (under) expenditures	<u>(391,800)</u>	<u>(1,171,970)</u>	<u>925,910</u>	<u>2,097,880</u>
Other financing sources (uses):				
Transfers to other funds	<u>(1,700,000)</u>	<u>(1,706,000)</u>	<u>(5,720)</u>	<u>1,700,280</u>
Total other financing sources (uses)	<u>(1,700,000)</u>	<u>(1,706,000)</u>	<u>(5,720)</u>	<u>1,700,280</u>
Fund balance appropriated	<u>2,091,800</u>	<u>2,877,970</u>	<u>-</u>	<u>(2,877,970)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>920,190</u>	<u>\$ 920,190</u>
Fund balances, beginning			<u>9,539,666</u>	
Fund balances, ending			<u>\$ 10,459,856</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, 2021**

Exhibit 8

	Major Enterprise Fund	
	Storm Water Fund	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,252,098	\$ 1,252,098
Fees receivable	2,364	2,364
Accounts receivable	5,779	5,779
Total current assets	1,260,241	1,260,241
Noncurrent assets:		
Capital assets:		
Capital assets, net of depreciation	604,623	604,623
Capital assets	604,623	604,623
Total noncurrent assets	604,623	604,623
Total assets	\$ 1,864,864	\$ 1,864,864
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	\$ 18,899	\$ 18,899
Total deferred outflows of resources	18,899	18,899
LIABILITIES		
Current liabilities:		
Accounts payable	14,561	14,561
Compensated absences	2,049	2,049
Due to other funds	7,684	7,684
Unearned revenue	723	723
Total current liabilities	25,017	25,017
Noncurrent liabilities:		
Net pension liability	30,282	30,282
Total noncurrent liabilities	30,282	30,282
Total liabilities	55,299	55,299
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	898	898
Total deferred inflows of resources	898	898
NET POSITION		
Net investment in capital assets	604,623	604,623
Unrestricted	1,222,943	1,222,943
Total net position	\$ 1,827,566	\$ 1,827,566

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, 2021

Exhibit 9

	Major Enterprise Fund	
	Storm Water Fund	Total
OPERATING REVENUES		
Storm water fees and interest	\$ 477,030	\$ 477,030
Total operating revenues	477,030	477,030
OPERATING EXPENSES		
Salaries and employee benefits	81,072	81,072
Repairs and maintenance	121,059	121,059
Professional fees	67,004	67,004
Miscellaneous expenses	3,184	3,184
Depreciation	18,853	18,853
Total operating expenses	291,172	291,172
Change in net position	185,858	185,858
Total net position, beginning	1,641,708	1,641,708
Total net position, ending	\$ 1,827,566	\$ 1,827,566

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, 2021**

Exhibit 10

	Major Enterprise Fund	
	Storm Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 476,118	\$ 476,118
Cash paid for goods and services	(211,921)	(211,921)
Cash paid to or on behalf of employees for services	(81,396)	(81,396)
Net cash provided by operating activities	182,801	182,801
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Increase in due to General Fund	7,684	7,684
Net cash used by non-capital financing activities	7,684	7,684
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(47,469)	(47,469)
Net cash used by capital and related financing activities	(47,469)	(47,469)
Net increase (decrease) in cash and cash equivalents	143,016	143,016
Balances, beginning	1,109,082	1,109,082
Balances, ending	\$ 1,252,098	\$ 1,252,098
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 185,858	\$ 185,858
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	18,853	18,853
Changes in assets and liabilities:		
(Increase) decrease in fees receivable	1,157	1,157
(Increase) decrease in accounts receivable	(2,069)	(2,069)
(Increase) decrease in deferred outflows of resources - pensions	(2,298)	(2,298)
Increase (decrease) in accounts payable	(20,674)	(20,674)
Increase (decrease) in compensated absences	(4,680)	(4,680)
Increase (decrease) in net pension liability	6,171	6,171
Increase (decrease) in deferred inflows of resources - pensions	483	483
Total adjustments	(3,057)	(3,057)
Net cash provided by operating activities	\$ 182,801	\$ 182,801

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, 2021

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

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

The Town reports the following major governmental funds:

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2021

I. Summary of Significant Accounting Policies (continued)

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.

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 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, 2021

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, 2021

I. Summary of Significant Accounting Policies (continued)

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

Restricted Cash

Governmental Activities

General Fund	
Powell Bill	\$ 568,898
Drug forfeiture	46,008
Escrow deposits	<u>7,984</u>
Total Restricted Cash	<u>\$ 622,890</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, 2020.

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, 2021

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 2021 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 – prepaid taxes, property taxes receivable, and pension deferrals.

8. Long-Term Obligations

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

9. Compensated Absences

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2021

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 within RSS. RSS is included as a component of Restricted Net Position and Restricted fund balance on the face of the balance sheet.

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

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2021

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 20% of budgeted expenditures. Any portion of the general fund balance in excess of 20% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

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, 2021

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, 2021

III. Detail Notes on All Funds (continued)

At June 30, 2021, the Town's deposits had a carrying amount of \$2,475,298 and a bank balance of \$2,485,787. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$200.

2. Investments

At June 30, 2021, the Town had \$10,069,990 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2021 was as follows:

	July 1, 2020	Additions	Retirements	Adjustments/ Transfers	June 30, 2021
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 978,388	\$ -	\$ -	\$ -	\$ 978,388
Construction in Progress	206,580	-	206,580	-	-
Total capital assets not being depreciated	1,184,968	-	206,580	-	973,388
Capital assets being depreciated:					
Buildings and improvements	5,715,656	759,350	-	-	6,475,006
Land improvements	3,094,457	16,940	-	-	3,111,397
Equipment	571,464	108,012	-	-	679,476
Computers and software	106,323	-	-	-	106,323
Vehicles	1,004,173	71,557	78,753	-	996,977
Infrastructure	32,779,739	111,388	-	106,228	32,997,355
Total capital assets being depreciated	43,271,812	1,067,247	78,753	106,228	44,366,534
Less accumulated depreciation:					
Buildings and improvements	737,759	164,765	-	-	902,524
Land improvements	1,569,661	201,429	-	-	1,771,090
Equipment	258,062	76,986	-	-	335,048
Computers and software	100,667	5,656	-	-	106,323
Vehicles	695,788	126,690	78,753	-	743,725
Infrastructure	26,992,269	1,253,950	-	53,114	28,299,333
Total accumulated depreciation	30,354,206	\$ 1,829,476	\$ 78,753	\$ 53,114	32,158,043
Total capital assets being depreciated, net	12,917,606				12,208,491
Governmental activities capital assets, net	\$ 14,102,574				\$ 13,186,879

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

General government	\$ 160,384
Public safety	162,982
Transportation	1,258,508
Public works	18,770
Cultural and recreational	228,832
Total depreciation expense	<u>\$ 1,829,476</u>

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2021

III. Detail Notes on All Funds (continued)

	July 1, 2020	Additions	Retirements	June 30, 2021
Business-type activities:				
Storm Water Fund				
Capital assets being depreciated:				
Infrastructure	\$ 607,557	\$ 47,469	\$ -	\$ 655,026
Total capital assets being depreciated	<u>607,557</u>	<u>47,469</u>	<u>-</u>	<u>655,026</u>
Less accumulated depreciation:				
Infrastructure	31,550	18,853	-	50,403
Total accumulated depreciation	<u>31,550</u>	<u>\$ 18,853</u>	<u>\$ -</u>	<u>50,403</u>
Total capital assets being depreciated, net	<u>576,007</u>			<u>604,623</u>
Business-type capital assets, net	<u>\$ 576,007</u>			<u>\$ 604,623</u>

Construction Commitments

The Town has active construction projects as of June 30, 2021. 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	\$ 1,996,280	\$ 828,720
New Town Hall and Public Works Buildings	<u>3,373,233</u>	<u>115,617</u>
Total	<u>\$ 5,369,513</u>	<u>\$ 944,337</u>

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2021, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities:			
General	\$ 172,971	\$ 144,191	\$ 317,162
Other governmental	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total governmental activities	<u>\$ 177,971</u>	<u>\$ 144,191</u>	<u>\$ 322,162</u>
Business-type Activities:			
Storm Water	<u>\$ 12,738</u>	<u>\$ 1,823</u>	<u>\$ 14,561</u>
Total business-type activities	<u>\$ 12,738</u>	<u>\$ 1,823</u>	<u>\$ 14,561</u>

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2021

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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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, 2021 was 10.84% of compensation for law enforcement officers and 10.27% 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, 2021

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 \$236,687 for the year ended June 30, 2021.

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, 2021, the Town reported a liability of \$1,166,367 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020 (measurement date), the Town's proportion was 0.03264%, which was a decrease of 0.00158% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$400,337. At June 30, 2021, 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	\$ 147,292	\$ -
Changes of assumptions	86,801	-
Net difference between projected and actual earnings on pension plan investments	164,134	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	20,016	27,416
Town contributions subsequent to the measurement date	236,687	-
Total	\$ 654,930	\$ 27,416

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2021

III. Detail Notes on All Funds (continued)

\$236,687 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 112,449
2023	144,507
2024	85,295
2025	48,576
2026	-
Thereafter	-
Total	<u>\$ 390,827</u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 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, 2019 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, 2020 are summarized in the following table:

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2021

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	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 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 7.00%. 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)	\$ 2,366,430	\$ 1,166,367	\$ 169,029

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2021

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, 2019, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not receiving benefits	-
Active plan members	<u>22</u>
Total	<u>23</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, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 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, 2019.

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

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2021

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 \$56,045 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, 2021, the Town reported a total pension liability of \$796,100. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$78,613.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 63,047	\$ 30,515
Changes of assumptions	180,898	10,164
Town benefit payments and plan administrative expense made subsequent to the measurement date	26,405	-
Total	<u>\$ 270,350</u>	<u>\$ 40,679</u>

\$26,405 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 32,964
2023	34,196
2024	38,916
2025	45,402
2026	39,234
Thereafter	12,554
Total	<u>\$ 203,266</u>

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93 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 (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 856,074	\$ 796,100	\$ 741,119

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2021

III. Detail Notes on All Funds (continued)

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

	2021
Beginning balance	\$ 552,433
Service cost	28,044
Interest on the total pension liability	17,202
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	54,977
Changes of assumptions or other inputs	192,981
Benefit payments	(49,537)
Other changes	-
Ending balance of the total pension liability	\$ 796,100

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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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	\$ 400,337	\$ 78,613	\$ 478,950
Pension Liability	\$1,166,367	\$ 796,100	\$1,962,467
Proportionate share of the net pension liability	0.03264%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 147,292	\$ 63,047	\$ 210,339
Changes of assumptions	86,801	180,898	267,699
Net difference between projected and actual earnings on plan investments	164,134	-	164,134
Changes in proportion and differences between contributions and proportionate share of contributions	20,016	-	20,016
Benefit payments and administrative costs paid subsequent to the measurement date	236,687	26,405	263,092
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 30,515	\$ 30,515
Changes of assumptions	-	10,614	10,164
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	27,416	-	27,416

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2021

III. Detail Notes on All Funds (continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$84,477, which consisted of \$56,669 from the Town and \$27,808 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, 2021 were \$101,681, which consisted of \$43,023 from the Town and \$58,658 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, 2021

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	\$	236,687
Benefit payments made and administrative expenses for LEOSA		26,405
Differences between expected and actual experience		210,339
Changes of assumptions		267,699
Net difference between projected and actual		164,134
Changes in proportion and differences between employer contributions and proportionate share of contributions		20,016
Total	<u>\$</u>	<u>925,280</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)	\$ 3,518	\$ 3,518
Taxes receivable, less penalties (General Fund)	-	19,555
Changes in assumptions	10,164	-
Differences between expected and actual experience	30,515	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	27,416	-
Total	<u>\$ 71,613</u>	<u>\$ 23,073</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 \$7,470,164 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, 2021

III. Detail Notes on All Funds (continued)

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

8. *Claims, Judgments and Contingent Liabilities*

At June 30, 2021, 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, 2021, including \$431,364 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 291,800	\$ 78,015
2023	291,800	67,947
2024	291,800	57,882
2025	291,800	48,423
2026	291,800	39,555
2027-2029	875,400	51,459
	<u>\$ 2,334,400</u>	<u>\$ 343,281</u>

At June 30, 2021, the Town had a legal debt margin of \$152,192,273.

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	\$ 2,626,200	\$ -	\$ 291,800	\$ 2,334,400	\$ 291,800
Compensated absences	170,391	140,531	153,914	157,008	157,008
Net pension liability (LGERS)	934,523	201,562	-	1,136,085	-
Total pension liability (LEO)	<u>552,433</u>	<u>243,667</u>	<u>-</u>	<u>796,100</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 4,283,547</u>	<u>\$ 585,760</u>	<u>\$ 445,714</u>	<u>\$ 4,423,593</u>	<u>\$ 448,808</u>

TOWN OF STALLINGS
Notes to the Financial Statements
For the Year Ended June 30, 2021

III. Detail Notes on All Funds (continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Current Portion</u>
Business-type Activities:					
Storm Water Fund					
Compensated absences	\$ 6,729	\$ 3,858	\$ 8,538	\$ 2,049	\$ 2,049
Net pension liability (LGERS)	<u>24,111</u>	<u>6,171</u>	<u>-</u>	<u>30,282</u>	<u>-</u>
Total business-type activities					
long-term liabilities	<u>\$ 30,840</u>	<u>\$ 10,029</u>	<u>\$ 8,538</u>	<u>\$ 32,331</u>	<u>\$ 2,049</u>

The liability for pension-related debt related to LGERS is majority liquidated by the general fund with a small portion by the storm water fund. For compensated absences, the general fund approximately liquidates 99% and the storm water fund the remainder. The total pension liability (LEOSSA) is entirely liquidated by the general fund.

b. Interfund Balance and Activity

Balances due to/from other funds at June 30, 2021, consist of the following:

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

General Fund	\$ <u>965,273</u>
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Due to the General Fund for coverage of payroll expenses for the for the Storm Water Fund:

Storm Water Fund	\$ <u>7,684</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, 2021 consist of the following:

From the General Fund to the New Town Hall Building and Public Works Building Capital Project Fund for additional construction expenses	<u>\$ 5,720</u>
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Total	<u>\$ 5,720</u>
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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, 2021

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>\$ 10,459,856</u>
Less:	
Stabilization by State Statute	475,157
Streets - Powell Bill	568,898
Drug Forfeiture Fund	46,008
Parks and Recreation	426,858
Subsequent Year Expenditures	747,982
Minimum Fund Balance Policy	<u>1,770,640</u>
Remaining Fund Balance	<u>\$ 6,424,313</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 20% of budgeted expenditures. Any portion of the General Fund balance in excess of 20% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. As of June 30, 2021, the Town had the following encumbrances:

Governmental Activities:	
General Fund	\$ 13,930
Potter/Pleasant Plains Intersection Improvement Capital Project Fund	5,000
Total governmental activities	<u>\$ 18,930</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, 2021

III. Detail Notes on All Funds (continued)

G. Restatement

Prior Period Adjustment

During the fiscal year ended June 30, 2021, the Town had not assigned a value to infrastructure acquired during a prior year annexation and assumption into the Town's maintenance system. The total cost of infrastructure added to capital assets was \$106,228. Depreciation calculated up to the beginning of the year ending June 30, 2021 amounted to \$53,114 and is recorded as accumulated depreciation. The net effect on beginning net position was \$53,114.

H. 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 2021. 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 2022.

On October 15, 2021, the Town signed a purchase agreement for property in the proximity of town hall which in an integral piece of real estate for the future development of a downtown district. The negotiated purchase price of the property is \$2,750,000 and property closing date will be before November 30, 2021.

Management has evaluated subsequent events through October 29, 2021, the date the financial statements were made available to be issued and determined that no other events occurred that required recording in the financial statements.



Required Supplementary Financial Data

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

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



Town of Stallings
Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Eight Fiscal Years
From Inception and For the Fiscal Year Ended June 30, 2021

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Stallings' proportion of the net pension liability (asset) (%)	0.03264%	0.03422%	0.03156%	0.03395%	0.0308%	0.0318%	0.0309%	0.0306%
Stallings' proportion of the net pension liability (asset) (\$)	\$ 1,166,367	\$ 934,523	\$ 748,712	\$ 518,663	\$ 653,679	\$ 142,761	\$ (180,285)	\$ 372,464
Stallings' covered-employee payroll	\$ 2,166,675	\$ 2,200,303	\$ 2,083,532	\$ 2,055,502	\$ 1,800,336	\$ 1,692,841	\$ 1,625,913	\$ 976,960
Stallings' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	53.83%	42.47%	35.93%	25.23%	36.31%	8.43%	-11.09%	38.12%
Plan fiduciary net position as a percentage of the total pension liability	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

Local Government Employees' Retirement System

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

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

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

Town of Stallings
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2021

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

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

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

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

Town of Stallings
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2021

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

Notes to the schedules:

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

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

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

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

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, 2021

Schedule 1

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ 4,026,000	\$ 4,192,475	
Penalties and interest	6,500	8,040	
Total	<u>4,032,500</u>	<u>4,200,515</u>	<u>\$ 168,015</u>
Other taxes and licenses:			
Gross receipts tax - vehicle rental	8,500	7,449	
Total	<u>8,500</u>	<u>7,449</u>	<u>(1,051)</u>
Unrestricted intergovernmental:			
Local option sales tax	1,252,000	1,592,773	
Utilities sales tax	802,000	799,348	
Beer and wine tax	70,000	69,686	
Total	<u>2,124,000</u>	<u>2,461,807</u>	<u>337,807</u>
Restricted intergovernmental:			
Powell Bill allocation	400,000	388,692	
Solid waste disposal tax	11,800	12,488	
NC Rural Economic Development Grant	-	50,000	
Cares Act Relief Grant	-	223,851	
Total	<u>411,800</u>	<u>675,031</u>	<u>263,231</u>
Permits and fees:			
Zoning fees	65,000	57,220	
Fees in Lieu of Park Land	45,000	52,385	
Civil citations	43,300	48,829	
Public safety fees	3,100	1,773	
Traffic impact analysis fees	60,000	2,500	
Total	<u>216,400</u>	<u>162,707</u>	<u>(53,693)</u>
Sales and services:			
Rent	17,200	13,897	
Festival/event sales	2,900	480	
Total	<u>20,100</u>	<u>14,377</u>	<u>(5,723)</u>
Investment earnings	<u>126,000</u>	<u>2,136</u>	<u>(123,864)</u>
Miscellaneous:			
Insurance reimbursements	-	1,410	
Miscellaneous revenues	1,623,866	1,717,873	
Total	<u>1,623,866</u>	<u>1,719,283</u>	<u>95,417</u>
Total revenues	<u>8,563,166</u>	<u>9,243,305</u>	<u>680,139</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, 2021

Schedule 1
cont

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General government:			
Governing body:			
Salaries - elected officials		39,400	
Administration:			
Salaries and employee benefits		544,201	
Operating expenditures		249,255	
Contracted services		178,355	
Capital outlay		538,881	
Total	1,746,500	1,550,092	196,408
Public safety:			
Police:			
Salaries and employee benefits		1,860,821	
Operating expenditures		302,554	
Contracted services		9,000	
Capital outlay		120,502	
Total	2,685,770	2,292,877	392,893
Transportation:			
Streets and highways:			
Salaries and employee benefits		82,612	
Operating expenditures		1,755,969	
Contracted services		61,704	
Capital outlay		111,388	
Total	2,433,066	2,011,673	421,393
Environmental protection:			
Contracted services	1,020,000	958,668	61,332
Economic and physical development:			
Salaries and employee benefits		242,117	
Operating expenditures		97,208	
Contracted services		76,273	
Total	480,800	415,598	65,202
Public works;			
Salaries and employee benefits		132,465	
Operating expenditures		52,142	
Contracted services		13,735	
Capital outlay		59,761	
Total	303,800	258,103	45,697
Cultural and recreation:			
Salaries and employee benefits		304,390	
Operating expenditures		81,497	
Contracted services		41,034	
Capital outlay		24,415	
Total	685,200	451,336	233,864

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, 2021

Schedule 1
cont

	Budget	Actual	Variance Positive (Negative)
Debt service:			
Principal	291,800	291,800	
Interest	88,100	87,248	
Total	379,900	379,048	852
Contingency	100	-	
Total	100	-	100
Total expenditures	9,735,136	8,317,395	1,417,741
Revenues over (under) expenditures	(1,171,970)	925,910	2,097,880
Other financing sources (uses):			
Transfer to capital project fund	(1,706,000)	(5,720)	1,700,280
Total	(1,706,000)	(5,720)	1,700,280
Fund balance appropriated	2,877,970	-	(2,877,970)
Net change in fund balance	\$ -	920,190	\$ 920,190
Fund balances, beginning		9,539,666	
Fund balances, ending		\$ 10,459,856	

**Town of Stallings
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021**

Schedule 2

	Stallings Municipal Park Capital Project Fund	Potter/Pleasant Plains Intersection Improvement Capital Project Fund	New Town Hall Building and Public Works Building Capital Project Fund	Total Nonmajor Governmental Funds
ASSETS				
Current assets:				
Due from other funds	\$ -	\$ 965,273	\$ -	\$ 965,273
Total assets	\$ -	\$ 965,273	\$ -	\$ 965,273
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 5,000	\$ -	\$ 5,000
Total liabilities	-	5,000	-	5,000
Fund balance:				
Unrestricted	-	960,273	-	960,273
Total liabilities and fund balances	\$ -	\$ 965,273	\$ -	\$ 965,273

Town of Stallings
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2021

Schedule 3

	Stallings Municipal Park Capital Project Fund	Potter/Pleasant Plains Intersection Improvement Capital Project Fund	New Town Hall Building and Public Works Building Capital Project Fund	Total Nonmajor Governmental Funds
REVENUES				
Contributions	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
General government	-	-	5,720	5,720
Transportation	-	233,007	-	233,007
Cultural and recreational	-	-	-	-
Total expenditures	<u>-</u>	<u>233,007</u>	<u>5,720</u>	<u>238,727</u>
Revenue over (under) expenditures	-	(233,007)	(5,720)	(238,727)
Other financing sources:				
Transfer from General Fund	-	-	5,720	5,720
Total other financing sources	<u>-</u>	<u>-</u>	<u>5,720</u>	<u>5,720</u>
Net change in fund balance	<u>-</u>	<u>(233,007)</u>	<u>-</u>	<u>(233,007)</u>
Fund balance, beginning	-	1,193,280	-	1,193,280
Fund balance, ending	<u>\$ -</u>	<u>\$ 960,273</u>	<u>\$ -</u>	<u>\$ 960,273</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, 2021

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, 2021

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	<u>2,310,000</u>	<u>1,763,273</u>	<u>233,007</u>	<u>1,996,280</u>	<u>313,720</u>
Total Expenditures	<u>2,310,000</u>	<u>1,763,273</u>	<u>233,007</u>	<u>1,996,280</u>	<u>313,720</u>
Revenues over (under) expenditures	<u>(1,181,000)</u>	<u>(547,768)</u>	<u>(233,007)</u>	<u>(780,775)</u>	<u>400,225</u>
Other financing sources:					
Transfer from General Fund	<u>1,181,000</u>	<u>1,741,048</u>	<u>-</u>	<u>1,741,048</u>	<u>560,048</u>
Total other financing sources	<u>1,181,000</u>	<u>1,741,048</u>	<u>-</u>	<u>1,741,048</u>	<u>560,048</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,193,280</u>	<u>(233,007)</u>	<u>\$ 960,273</u>	<u>\$ 960,273</u>
Total fund balance:					
Beginning of year, July 1			<u>1,193,280</u>		
End of year, June 30			<u>\$ 960,273</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, 2021

Schedule 6

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Interest	\$ -	\$ 221	\$ -	\$ 221	\$ 221
Total Revenues	<u>-</u>	<u>221</u>	<u>-</u>	<u>221</u>	<u>221</u>
Expenditures:					
General Government	2,750,377	2,600,461	5,720	2,606,181	144,196
Public Works	738,473	767,052	-	767,052	(28,579)
Total Expenditures	<u>3,488,850</u>	<u>3,367,513</u>	<u>5,720</u>	<u>3,373,233</u>	<u>115,617</u>
Revenues over (under) expenditures	<u>(3,488,850)</u>	<u>(3,367,292)</u>	<u>(5,720)</u>	<u>(3,373,012)</u>	<u>(115,396)</u>
Other financing sources:					
Transfer from General Fund	362,850	449,292	5,720	455,012	92,162
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>3,367,292</u>	<u>5,720</u>	<u>3,373,012</u>	<u>(115,838)</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
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP) - Storm Water Fund
For the Fiscal Year Ended June 30, 2021

Schedule 7

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Residential and commercial fees		\$ 477,030	
Total revenues	\$ 515,500	477,030	\$ (38,470)
Expenditures:			
Salaries and employee benefits		81,396	
Professional fees		67,004	
Other operating expenditures		124,243	
Capital Outlay		47,469	
Total expenditures	515,500	320,112	195,388
Revenues over (under) expenditures	-	156,918	156,918
Other financing sources (uses):			
Transfer to other fund:			
Fund balance appropriated	-	-	-
General Fund	-	-	-
Total other financing sources (uses)	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ -	156,918	\$ 156,918
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		47,469	
Depreciation		(18,853)	
Decrease in deferred outflows of resources - pensions		2,298	
Increase in net pension liability		(6,171)	
Decrease in deferred inflows of resources - pensions		(483)	
Increase in accrued vacation pay		4,680	
Change in net position		\$ 185,858	



Other Schedules



Town of Stallings
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

Schedule 8

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance 06/30/2021</u>
2020-2021	\$ -	\$ 4,189,548	\$ 4,182,634	\$ 6,914
2019-2020	12,839	-	9,032	3,807
2018-2019	2,190	-	860	1,330
2017-2018	685	-	565	120
2016-2017	554	-	213	341
2015-2016	233	-	125	108
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	-
	<u>\$ 24,377</u>	<u>\$ 4,189,548</u>	<u>\$ 4,194,367</u>	<u>\$ 19,558</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 4,200,515
Amounts written off per Statute of Limitations	938
Interest and penalties collected	(8,040)
Refunds and adjustments	<u>954</u>
Total collections and credits	<u>\$ 4,194,367</u>

**Town of Stallings
Analysis of Current Tax Levy
Town-Wide Levy
June 30, 2021**

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	\$ 1,732,819,841	\$ 0.215	\$ 3,734,904	\$ 3,734,904	\$ -
Registered motor vehicles	197,303,106	0.215	451,504	-	451,504
Total	<u>1,930,122,947</u>		<u>4,186,408</u>	<u>3,734,904</u>	<u>451,504</u>
Discoveries	2,835,349	0.215	6,096	6,096	-
Releases	(1,374,884)	0.215	(2,956)	(2,956)	-
Total property valuation	<u>\$ 1,931,583,412</u>				
Net levy			<u>4,189,548</u>	<u>3,738,044</u>	<u>451,504</u>
Uncollected taxes at June 30, 2021			<u>(6,914)</u>	<u>(4,264)</u>	<u>(2,650)</u>
Current year's taxes collected			<u>\$ 4,182,634</u>	<u>\$ 3,733,780</u>	<u>\$ 448,854</u>
Current levy collection percentage			<u>99.83%</u>	<u>99.89%</u>	<u>99.41%</u>

TOWN OF STALLINGS, NORTH CAROLINA

STATISTICAL SECTION

This part of the Government's annual comprehensive 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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Primary government										
Governmental Activities										
Net investment in capital assets	\$ 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	\$ 10,852,479
Restricted	544,028	399,027	649,079	635,132	931,408	1,286,181	881,186	727,384	745,913	1,090,063
Unrestricted	4,958,937	5,511,994	6,598,559	7,529,109	8,072,675	8,041,878	7,305,426	11,190,190	8,933,072	9,105,824
Total Net Position	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	21,048,366
Business-type Activities										
Net investment in capital assets	-	-	-	-	-	63,680	104,293	385,891	576,007	604,623
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	322,191	393,880	299,429	606,727	699,830	881,418	1,152,240	1,284,670	1,065,701	1,222,943
Total Net Position	322,191	393,880	299,429	606,727	699,830	945,098	1,256,533	1,670,561	1,641,708	1,827,566
Total primary government net position	\$ 28,968,861	\$ 27,687,056	\$ 26,553,986	\$ 29,194,258	\$ 28,396,547	\$ 27,767,184	\$ 24,681,302	\$ 24,239,868	\$ 22,797,067	\$ 22,875,932

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	\$ 934,876	\$ 424,898	\$ 952,887	\$ 977,476	\$ 1,089,163	\$ 1,167,904	\$ 1,068,861	\$ 1,087,177	\$ 1,214,334	\$ 1,198,969
Public safety	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	2,450,185
Transportation	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	3,391,481
Economic and physical development	225,086	219,862	227,831	139,329	195,538	352,857	483,469	402,097	342,983	958,668
Environmental protection	808,458	832,879	859,831	903,601	912,934	885,217	906,820	885,833	945,978	410,079
Cultural and recreation	120,499	776,752	509,513	479,700	564,240	624,931	689,156	672,099	724,738	668,504
Public Works	-	-	-	-	-	-	138,979	278,521	267,894	225,606
Interest on long term debt	23,123	1,218	-	-	-	-	-	-	97,315	87,248
Total Governmental activities	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	9,390,740
Business-type activities:										
Stormwater	212,827	164,700	331,544	167,320	388,383	243,248	182,369	274,299	296,785	291,172
Total Business-type activities	212,827	164,700	331,544	167,320	388,383	243,248	182,369	274,299	296,785	291,172
Total primary government expenses	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	9,681,912
Program Revenues										
Governmental activities:										
Charges for services:										
General government	-	-	1,200	1,100	800	-	300	4,807	69,400	51,100
Public safety	6,561	8,693	6,515	5,429	6,219	3,345	4,036	2,736	2,841	1,773
Economic and physical development	21,508	31,499	41,820	82,049	96,409	62,855	78,807	137,033	96,603	57,220
Environmental protection	1,003	-	-	-	-	-	-	-	-	-
Cultural and recreation	-	17,634	151,872	75,390	62,066	124,881	14,687	56,141	3,808	56,562
Transportation	-	-	-	-	-	-	-	113,200	146,800	2,500
Operating grants and contributions:										
Public safety	973	63,962	156,468	29,827	505,762	39,889	1,859	1,000	-	-
Transportation	-	-	-	-	-	-	-	-	2,086,814	2,100,048
Economic and physical development	9,009	8,012	-	-	-	-	-	-	-	-
Environmental protection	-	-	8,086	8,068	11,994	10,407	10,493	11,963	12,431	12,488
Transportation	347,052	360,731	368,285	375,211	558,002	393,611	399,228	1,614,960	-	-
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	386,106	589,200	776,220	3,994,793	1,241,252	1,768,320	509,410	2,284,935	2,418,697	2,281,691
Business-type activities:										
Stormwater	235,087	236,244	236,949	474,505	481,394	488,516	493,804	474,935	475,932	477,030
Stormwater	-	-	-	-	-	-	-	-	-	-
Total Business-type activities	235,087	236,244	236,949	474,505	481,394	488,516	493,804	474,935	475,932	477,030
Total governmental activities program revenues	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	2,758,721
Net (expense)/revenue										
Total governmental activities net (expense)/revenue	(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)	(6,923,191)
General Revenues and Other Changes										

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
in Net Position										
Governmental activities:										
Taxes:										
Property taxes	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	4,195,776
Other Taxes and licenses	-	-	-	-	-	-	2,117,572	2,184,198	2,256,536	2,469,255
Unrestricted intergovernmental revenues	-	-	-	-	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	13,269	10,320	8,587	7,348	15,849	35,226	86,035	149,508	116,977	2,057
Restricted investment earnings	1,611	450	41	122	1,541	1,885	4,491	10,958	5,630	80
Miscellaneous	12,036	47,571	37,317	36,629	35,824	151,590	35,977	9,792	82,433	281,774
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	3,503,612	3,595,183	3,723,902	3,737,771	3,819,080	4,015,316	6,160,385	6,354,260	6,558,793	6,948,942
Change in Net Position										
Governmental activities	(1,175,253)	(1,353,494)	(1,038,619)	2,588,834	(890,814)	(629,435)	(3,397,317)	(432,543)	(1,413,948)	(160,107)
Business-type activities	22,457	71,689	(94,451)	307,298	93,103	245,268	311,435	414,028	(28,853)	185,858
Net position-beginning	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	22,797,067
Restatement	-	-	-	(255,860)	-	(245,196)	-	(422,919)	-	53,114
Net position-ending	\$ 28,968,861	\$ 27,687,056	\$ 26,553,986	\$ 29,194,258	\$ 28,396,547	\$ 27,767,184	\$ 24,681,302	\$ 24,239,868	\$ 22,797,067	\$ 22,875,932

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Non-spendable										
Prepays	\$ 17,624	\$ 196	\$ 754	\$ 135,406	\$ 26,288	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted										
Stabilization by State Statute	195,700	228,966	211,796	249,413	285,214	667,933	601,599	462,389	401,137	475,157
Streets - Powell Bill	348,328	170,061	373,424	320,121	251,888	313,445	153,094	239,450	291,514	568,898
Drug Forfeiture	-	-	63,859	65,598	394,306	304,803	126,493	25,545	53,262	46,008
Committed										
Law Enforcement Separation Allowance	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	426,858
Chestnut Lane Roundabout	-	-	-	-	-	-	350,000	350,000	-	-
Assigned										
Designated for subsequent year's expenditures	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	747,982
Minimum fund balance requirement	-	-	-	-	2,211,600	2,249,400	2,478,150	2,654,040	2,189,160	1,770,640
Unassigned										
Designated for parks improvements	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-
Unassigned	4,649,187	4,253,239	4,925,945	7,249,940	4,533,650	5,216,484	3,355,658	3,270,119	4,138,319	6,424,313
Total General Fund	\$ 5,849,655	\$ 6,124,065	\$ 7,495,618	\$ 8,562,415	\$ 9,435,636	\$ 10,082,108	\$ 8,945,037	\$ 9,392,817	\$ 9,539,666	\$ 10,459,856
All Other Governmental Funds										
Reserved for:										
Capital projects	(165,907)	-	(28,340)	640	-	(42,868)	-	3,356,299	-	-
Non-Major Funds	-	-	-	-	-	-	-	-	1,193,280	960,273
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,193,280	\$ 960,273

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Ad valorem taxes	\$ 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	\$ 4,200,515
Other taxes and licenses	892,407	934,963	74,281	80,587	38,209	42,555	38,287	23,004	7,593	7,449
Unrestricted intergovernmental	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	2,461,807
Restricted intergovernmental	357,034	432,705	532,839	459,807	1,075,758	507,625	411,580	1,627,923	414,998	675,031
Permits and fees	28,069	40,192	179,440	140,191	145,173	180,042	85,143	300,450	306,644	162,707
Sales and services	-	-	21,967	23,777	20,321	18,101	14,687	13,467	14,008	14,377
Investment earnings	14,683	10,625	8,484	7,357	17,298	37,111	90,526	160,466	122,607	2,136
Miscellaneous	35,563	71,272	37,317	36,629	96,070	151,590	46,562	9,794	1,768,680	1,719,283
Total revenues	5,544,597	5,773,409	6,186,104	6,274,948	7,092,150	6,768,315	6,679,702	8,332,416	8,972,045	9,243,305
Expenditures										
General government	849,474	825,843	907,226	937,940	1,151,216	1,088,485	997,495	957,762	1,060,868	1,011,211
Public safety	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	2,172,375
Transportation	396,646	552,087	639,084	380,415	1,524,683	351,139	1,486,959	365,548	2,312,362	2,133,292
Environmental protection	808,458	832,879	859,831	903,601	912,934	885,217	906,820	885,833	945,978	958,668
Economic and physical development	225,086	219,862	227,831	146,378	193,851	348,067	478,897	405,282	326,667	415,598
Culture and recreation	2,187,083	633,693	332,132	483,064	385,890	577,026	470,477	449,216	483,499	198,342
Public Works	-	-	-	-	-	-	133,334	269,313	244,661	426,921
Debt service:										
Principal	821,055	19,958	-	-	-	-	-	-	291,800	291,800
Interest	23,123	1,218	-	-	-	-	-	-	97,315	87,248
Capital outlay:										
General government	-	-	-	6,600	-	17,260	197,402	901,362	2,123,895	544,601
Public safety	128,781	83,587	100,405	130,282	209,780	202,206	283,691	214,786	112,817	120,502
Transportation	-	271,466	-	395,143	-	611,674	519,060	432,460	360,452	111,388
Economic and physical development	-	-	-	-	-	-	11,397	-	-	-
Culture and recreation	-	-	-	5,514	-	-	73,194	146,497	76,231	24,415
Public Works	-	-	-	-	-	-	67,077	243,967	612,609	59,761
Total expenditures	7,137,847	5,333,092	4,842,891	5,184,685	6,219,569	6,164,711	7,773,905	7,446,337	11,196,215	8,556,122
Excess of revenues over (under) expenditures	(1,593,250)	440,317	1,343,213	1,090,263	872,581	603,604	(1,094,203)	886,079	(2,224,170)	687,183
Other financing sources (uses)										
Debt issued, capitalized leases	-	-	-	-	-	-	-	2,918,000	-	-
Transfer to/from other funds (uses)	-	-	-	-	-	-	-	-	208,000	-
Total other financing sources (uses)	-	-	-	-	-	-	-	2,918,000	208,000	-
Net change in fund balances	\$ (1,593,250)	\$ 440,317	\$ 1,343,213	\$ 1,090,263	\$ 872,581	\$ 603,604	\$ (1,094,203)	\$ 3,804,079	\$ (2,016,170)	\$ 687,183
Debt services as a percentage of noncapital expenditures	<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>4.9%</u>	<u>4.9%</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>					
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
2021	1,616,957,918	298,504,305	16,121,189	1,931,583,412	0.2150

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Mecklenburg County	\$ 0.8166	\$ 0.7922	\$ 0.8157	\$ 0.8157	\$ 0.8157	\$ 0.8157	\$ 0.8157	\$ 0.8232	\$ 0.6169	\$ 0.6169
Union County	\$ 0.6650	\$ 0.6600	\$ 0.6600	\$ 0.7614	\$ 0.7765	\$ 0.7665	\$ 0.7810	\$ 0.7309	\$ 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 2021				Fiscal Year 2012			
		Taxable Assessed	Value	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Value	Rank	Percentage of Total Taxable Assessed
					Value				Value
Berry Global Films, LLC (formerly AEP Industries Inc)	Manufacturer		37,730,923	1	1.95%		32,263,827	1	1.99%
Idlewild Phase 1 Retail Investors LLC	Retail/Shopping Center		15,799,000	2	0.82%		8,796,740	5	0.54%
T&C of NC LLC	Automotive Showroom		15,569,900	3	0.81%		14,696,090	2	0.91%
McGee Corporation	Corporate Headquarters		13,494,816	4	0.70%		7,747,830	6	0.48%
CEM Holdings Corporation	Corporate Headquarters		10,405,106	5	0.54%		4,968,620	8	0.31%
Stevens Mill Retail, LLC	Retail/Shopping Center		9,000,000	6	0.47%				
Union EMC	Service		8,230,092	7	0.43%				
Northeast Tools & Manufacturing Co	Manufacturer		8,228,283	8	0.43%				
Keywell Metals LLC	Manufacturer		7,721,204	9	0.40%				
Charlotte-Mecklenburg Hospital Authority	Healthcare		7,354,700	10	0.38%				
Triangle Properties Associates LLC	Retail/Shopping Center		-	-	-		10,983,750	3	0.68%
Hallmark Properties VI Et Al	Retail Development		-	-	-		10,081,460	4	0.62%
Interchange X LLC	Storage Facility		-	-	-		5,820,570	7	0.36%
MAK Corporation of Monroe	Hotel		-	-	-		4,951,430	9	0.31%
Sovran Acquisition Limited	Storage Facility		-	-	-		4,444,960	10	0.27%
Total			\$ 133,534,024		6.91%		\$ 104,755,277		6.47%

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

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

Fiscal Year Ended June 30	Total Levy for Fiscal Year (Original Year)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date	
		Amount	Percentage of Original Levy	Amount	Percentage of Adjusted Levy	Amount	Percentage of Adjusted Levy
2012	3,496,478	3,452,016	98.73%	44,183	99.99%	3,496,199	99.99%
2013	3,535,481	3,503,286	99.09%	31,638	99.98%	3,534,924	99.98%
2014	3,658,098	3,623,590	99.06%	31,944	99.93%	3,655,534	99.93%
2015	3,688,886	3,664,902	99.35%	21,187	99.92%	3,686,089	99.92%
2016	3,698,728	3,683,588	99.59%	15,032	100.00%	3,698,620	100.00%
2017	3,817,650	3,805,186	99.67%	12,123	99.99%	3,817,309	99.99%
2018	3,901,677	3,895,482	99.84%	6,075	100.00%	3,901,557	100.00%
2019	4,022,614	4,015,106	99.81%	6,178	99.97%	4,021,284	99.97%
2020	4,090,187	4,077,348	99.69%	9,032	99.91%	4,086,380	99.91%
2021	4,189,548	4,182,634	99.83%	-	99.83%	4,182,634	99.83%

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
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%	-	-
2021	-	0.00%	-	-

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

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

Fiscal Year	Governmental Activities			Total Primary Government	Per Capita	Percentage of Per Capita Income
	Capital Leases	Notes Payable/Installment Purchase				
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%
2021	-	2,334,400		2,334,400	140	0.56%

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, 2021

<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)	\$ 2,334,400	100.00%	\$ 2,334,400
<i>Counties:</i>			
Union County (2)	397,600,124	6.77%	26,934,225
Mecklenburg County (3)	1,795,609,181	0.02%	348,973
Total direct and overlapping debt	<u>\$ 2,195,543,705</u>		<u>\$ 29,617,599</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 (\$1,895,520,972) and Union County (\$27,981,476,000). Determined by ratio of assessed value of taxable property in the Town of Stallings (\$36,062,440) 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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed Value of Property	\$ 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	\$ 1,931,583,412
Debt Limit, 8% of Assessed value (Statutory Limitation)	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	154,526,673
Debt applicable to debt limitations:										
Capital Leases	19,959	-	-	-	-	-	-	-	-	-
Notes Payable/Installment Purchases	-	-	-	-	-	-	-	2,918,000	2,626,200	2,334,400
Statutory Deductions	19,959	-	-	-	-	-	-	-	-	-
Total debt applicable to limitations	-	-	-	-	-	-	-	2,918,000	2,626,200	2,334,400
Legal debt limit	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	152,192,273
Total net debt applicable to the limit as a percentage of debt limit	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.96%</u>	<u>1.72%</u>	<u>1.51%</u>

Note: NC Statute GS159-55 limits the Town's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal, debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the Town's net debt outstanding applicable to the limit, and represents the Town's legal borrowing authority.

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 Average Household Income	Median Age
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	39.8
2021	16,645	-	\$ 53,417	684	2.1%	\$ 102,249	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>2021</u>			<u>2012</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)	300	1	22.24%	-	-	0.00%
Scott Clark Toyota	233	2	17.27%	-	-	0.00%
CEM Corporation	200	3	14.83%	-	-	0.00%
McGee Corporation	125	4	9.27%	-	-	0.00%
MMDi	104	5	7.71%	-	-	0.00%
Harris Teeter - Idlewild	84	6	6.23%	-	-	0.00%
Stallings Elementary School	78	7	5.78%	-	-	0.00%
International Construction Equipment	76	8	5.63%	-	-	0.00%
Mario's Italian Restaurant & John's Place	75	9	5.56%	-	-	0.00%
Harris Teeter - Stevens Mill	74	10	5.49%	-	-	0.00%

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

Operating Information



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

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	12	11	11	10	12	11	15	12	12	11
Public safety	25	25	25	25	25	26	26	26	26	25
Cultural and recreation	2	3	4	4	3	4	3	3	3	4
Total	39	39	40	39	40	41	44	41	41	40

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>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>	<u>2021</u>
Parks and recreation										
Park facility	2	2	2	2	2	2	3	3	3	3
Park acreage	33.5	33.5	33.5	33.5	33.5	37.0	37.3	37.3	37.3	37.3
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Sworn officers	21	22	22	22	20	23	23	23	20	24
K-9 Unit	-	-	-	-	-	-	-	1	1	1
Civilians - Full-time	3	3	3	3	3	3	3	3	3	2
Patrol vehicles - marked	18	18	19	20	21	20	22	22	22	20
Patrol vehicles - unmarked	6	6	6	5	5	5	4	3	4	6
Public Works										
Town - maintained streets (miles)	44	44	44	51	51	53	53	53	53	53.7
Sidewalks (miles)	-	-	18	19	20	21	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

<u>Functional Area</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Tax collection rate	99.06%	99.35%	99.59%	99.67%	99.84%	99.67%	99.84%	99.81%	99.69%	99.83%
Culture and Recreation										
Attendance at all events/programs/classes	7,595	7,400	5,965	8,835	11,345	18,166	12,632	10,415	11,923	1,607
Total of events/programs/classes	11	17	21	14	49	173	59	13	9	18
Public Safety										
Calls for service	12,506	11,622	12,371	12,836	11,402	11,166	9,976	9,723	10,262	10,300
Arrests	374	341	307	232	198	168	206	218	198	207
K-9 Assisted Arrests								8	5	9
Citations Issued	3,396	2,458	2,183	1,737	1,447	1,754	1,117	1,060	1,172	1,007
Community/Proactive Events	18,223	19,553	21,164	21,821	23,929	30,262	34,598	30,081	31,158	28,491
Public Works										
Miles of Streets/Sidewalks										
Town-maintained	44	44	44	51	51	53	53	53	53	53.7
Sidewalks	-	-	18	19	20	21	21	21	21	21
Traffic Impact Analysis	-	-	-	-	-	-	-	2	3	4
Economic and Physical Development										
Zoning Permit Activity	230	225	358	325	306	223	514	364	192	378

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, 2021, 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 29, 2021.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of

findings and responses as items 2021-001, 2021-002, and 2021-003 that we consider to be significant deficiencies.

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*.

Town of Stallings' Response to Findings

The Town of Stallings' responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

POTTER & Company, PA

Monroe, North Carolina
October 29, 2021

**TOWN OF STALLINGS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2021**

Section I. Summary of Auditors' Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No

- Significant deficiency(s)? X Yes _____ None reported

Non-compliance material to financial statements noted?

_____ Yes X No

**TOWN OF STALLINGS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2021**

Section II. Financial Statement Findings

Finding 2021-001 – Dual Signatures on Checks

Significant Deficiency

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: Controls over cash disbursements are not operating as intended. We examined 25 checks, two of these checks cleared the bank with one signature, bypassing the dual signature requirement.

Effect: Errors in financial reporting could occur and not be detected.

Cause: The second signer missed signing the checks and the checks were mailed.

Recommendation: The Town should implement internal control procedures that will ensure that each check has dual signatures prior to payment.

Views of Responsible Officials and Corrective Action Plan: The Town agrees with this finding and they will implement a procedure to ensure dual signatures are on all checks. Please refer to the corrective action plan to follow.

Finding 2021-002 – Payroll Retirement Withholdings

Significant Deficiency

Criteria: The Town should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: Controls over payroll have been designed but not properly implemented. We examined 25 paychecks and noted two occurrences of employees' 401(k) withholdings not setup at the requested percentage per the enrollment forms.

Effect: Lack of proper implementation of control policies greatly increases the risk of an error or irregularity going undetected and can result in improper reporting.

Cause: Management does not have adequate safeguards in place to monitor internal control over the payroll system.

**TOWN OF STALLINGS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2021**

Section II. Financial Statement Findings (continued)

Recommendation: Management should strengthen internal controls over the payroll system.

Views of Responsible Officials and Corrective Action Plan: The Town agrees with this finding and they will implement a procedure to ensure employee withholdings are accurate. Please refer to the corrective action plan to follow.

Finding 2021-003 – Dual Signatures on Checks

Significant Deficiency

Criteria: Certain matters related to internal control over financial reporting are required to be communicated.

Condition: There was an adjustment recorded to correct beginning net position because of a correction to record roads as capital assets in the amount of \$53,114.

Effect: This is an indicator of a control deficiency that is regarded as a significant deficiency.

Cause: The error occurred because the Town's former engineer did not update the Town's mileage report correctly. The mileage report was reviewed by current engineering staff and finance officer and corrected by recording a prior period adjustment.

Recommendation: Procedures should be in place to ensure that all balances are recorded and included in the financial statements.

Views of Responsible Officials and Corrective Action Plan: The Town agrees with this finding and they will implement a procedure to ensure the mileage report is accurate and that additions/disposals are properly reflected in the financial statements. Please refer to the corrective action plan to follow.



Town of
Stallings

315 Stallings Road • Stallings, North Carolina 28104

**TOWN OF STALLINGS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2021**

**Significant Deficiency
Finding: 2021-1**

Name of contact person: Marsha Gross, Finance Officer

Corrective Action: The Town will implement a change in the internal control process for signing and processing checks to include a final review of the check run by both the accounts payable clerk and one of the signors before the checks are mailed to ensure that there are two authorized signatures on each check.

Proposed Completion Date: October 1, 2021

**Significant Deficiency
Finding: 2021-2**

Name of Contact Person: Karen Williams, Human Resource Director

Corrective Action: The Town has approved to outsource payroll for 2021-2022. As part of the new payroll internal control process, Kim Jones (Police Administrative Services Manager) and Karen Williams (Human Resources Director) will compare amount withheld and net amount for each employee to a prior payroll before approving each payroll run. We will also randomly pick (2) employees per month and compare the withholding percent in the system with the withholding percent in the employee's personnel file.

Proposed Completion Date: November 1, 2021

**Significant Deficiency
Finding: 2021-3**

Name of contact person: Marsha Gross, Finance Officer

Corrective Action: The Town Finance Officer will review council meeting minutes and future Powell Bill reports to ensure that additions to Town roadway systems are added to fixed assets according to our capitalization policy.

Proposed Completion Date: October 1, 2021

**TOWN OF STALLINGS
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

None



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