

UNION ACADEMY
MONROE, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

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Union Academy
Monroe, North Carolina
Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020

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Prepared by
Finance Department

Lynn Kroeger, CPA
Chief Financial Officer

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Union Academy
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June 30, 2020

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INTRODUCTORY SECTION

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LETTER OF TRANSMITTAL

As of October 30, 2020

Members of the Union Academy Board of Directors and Citizens of Union County, NC:

In compliance with the Public School Laws of North Carolina, the Comprehensive Annual Financial Report of Union Academy (the "School") for the fiscal year ended June 30, 2020, is herewith submitted. Responsibility for the accuracy, completeness, and clarity of the report rests with the Headmaster and Chief Financial Officer.

This report has been prepared by the Finance Department following the requirements and guidelines promulgated by the Governmental Accounting Standards Board. We believe the data is accurate in all material respects and is presented in a manner designed to reflect fairly the financial position and results of operations of the School. All disclosures necessary to enable the reader to gain maximum understanding of the School's financial activity have been included.

The financial statements have been audited by Potter & Company, PA, independent certified public accountants, whose opinion is included in the Financial Section of this report. The goal of the independent audit was to provide reasonable assurance that the financial statements of Union Academy for the fiscal year ended June 30, 2020, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Union Academy's financial statements for the fiscal year ended June 30, 2020 are fairly presented in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The independent audit of the financial statements of Union Academy was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited entity's internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Report.

In developing and evaluating the School's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the School's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Profile of the Government

The School is a Local Education Agency empowered by state law [Chapter 115C of the North Carolina General Statutes (N.C.G.S.)] with the responsibility to oversee and control all activities related to the provisions of its charter. The School began operations in May 2000. The School is a tuition-free public school and is accountable to the State Board of Education for ensuring compliance with applicable laws and is operated by a private nonprofit 501(c)(3) corporation. The School receives local, state and federal government funding and must comply with the legal requirements of each funding agency. The School's Board of Directors decides matters related to the operation of the School, including budgeting, curriculum and operating procedures.

The major purpose of the School is to provide public education that encompasses challenging, high quality instruction, character education and community service in a modified year-round school calendar. Enrollment in Union Academy is via a public lottery held annually in the spring. During fiscal year 2019-2020, the School served 1,953 students in grades K-12 with a waitlist of approximately 1,600 students. The school anticipates total enrollment to cap around 2,000 for the future years.

North Carolina General Statute 115C-238.29E(d) states that "the Board of Directors of the charter school shall decide matters related to the operation of the school, including budgeting, curriculum and operating procedures." Although not statutorily required, the School does choose to adopt a budget. The Board's annual budget resolution reflects the total anticipated revenue and expenditures of the School for the fiscal year. The budget is supported by the assumptions for revenue streams and expenditure outflows and clearly defines the education goals of the School. All substantial changes are reviewed and approved in advance by the Board Chairman and Board Treasurer with the Board of Directors being notified of such actions in subsequent meetings. These changes should not result in changes in recurring obligations such as salaries. Any revisions that alter the total expenditures require prior approval by the Board of Directors.

Local Economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which the School operates. Union Academy is located in Union County just inside the city of Monroe. Union County's growth rate has remained steady the past few years, making it the 8th largest county in North Carolina and one of the fastest growing counties nationwide. As population continues to grow in the area the county's population is projected to reach 272,641 by July 2025. The primary factors contributing to Union County's economic growth are agriculture and manufacturing industry. The city of Monroe has developed a strong base in advanced manufacturing in the fields of bio and life sciences, pharmaceuticals, plastics and most notably aerospace. Union County has the state's highest concentration of aerospace companies in North Carolina. Due to the proximity to larger cities like Charlotte, Gastonia, and Concord, the western part of the county has experienced the majority of the population boom and has become a more diversified economic residential base while the eastern part of the county remains primarily rural and agricultural. In the coming years, with the opening of the Monroe Expressway, growth is anticipated along this new corridor and in commercial development around I-485. Due to this growth, there has been a slight decrease in the number of farms and number of acres dedicated to farming in recent years; however there are still 957 farms in Union County and over 186,000 acres dedicated to farming,. The County ranked fourth in the state and 102nd in the United States for total revenue generated from agriculture, most notably from soybean, wheat, chicken (broilers) and egg production, turkey, and cattle. Union County has continually ranked among the lowest unemployment rates in the Charlotte region. In August 2020 labor statistics show the county's unemployment rate was 5.5 percent compared to North Carolina's 6.5 percent. These rates have increased since 2019 in all states due to COVID-19. The Union County Board of Commissioners and the community continue to be involved and supportive of the public educational system and local financial support is reasonable.

The cost of public school education in North Carolina is financed by the state generally on a per pupil basis. Much of the funding from the State of North Carolina is formula driven. Local funding from Union County is passed through the Union County Public School System. The School receives a per pupil allocation of these local funds as defined by legislation. The School has 96.3% of its students residing in Union County while the remaining 3.7%

of the student population reside in Mecklenburg, Anson, Stanly and Cabarrus Counties. The state and local per pupil funding increased slightly from the prior year by approximately 2.9%.

When Union Academy began as a school of choice in 2000, it stood and still stands as an expression of educational reform in public education. The first charter school opened in 1992, and there are over 3.3 million students attending over 7,500 charter schools nationwide. The continued growth in charter schools and their enrollment demonstrates parents' demand for high quality educational options. There are currently more than 1 million students on waitlists throughout the country. Nationwide, charter schools represent 6.5% of all public schools. North Carolina alone has 200 schools, currently serving more than 111,000 students. Charter school enrollment represents 6.5% of all public school enrollments in the state making charter schools the third largest "school district" in the state behind Wake and Mecklenburg County's districts. Demand for new charter schools continues to increase. Twenty-five non-profit boards submitted applications to open public charter schools in North Carolina. Of these, five boards are seeking approval for Fast-Track or Acceleration to open in the 2021 school year with another twenty aiming for 2022. Specifically, Union County currently has four other charter schools.

The School provides a positive impact on Union County in the following ways: 1) Eases overcrowding in Union County Public Schools; 2) Increases parental options in public education; 3) Creates a voluntary integrated school in a county with longstanding geographic and racial divisions; 4) Provides opportunities for faculty innovation/development and administrative flexibility; and 5) Involves parents and community resources uniquely in public education.

The School does not receive any local, state or federal funding for facilities as traditional public schools do. Therefore, the School must explore all means necessary to provide their students with the literal foundation required for a successful educational program. Union Academy Foundation was established in 2001 to support the School's land and facilities needs and is reported as a component unit of the School.

Long-Term Financial Planning and Major Initiatives

Union Academy continues to fulfill its vision to provide a pathway for educational excellence through the following major initiatives:

- The School continues to dedicate resources to technology. In addition to the computer labs throughout the school and the 1:1 Chromebooks for 8th-12th grade students, the middle school 5th-7th grade core classrooms are each equipped with a Chromebook cart.

- In collaboration with Union Academy Foundation, the school is in the process of fundraising and getting quotes to build baseball and softball (multi-use fields) on campus.

- The School continues to solidify its brand and market itself across the state. In 2020, the School received over 2,200 applications for the lottery and opened its doors to over 1,900 students in the new school year 2020-21. Teacher recruitment and retention continues to be a focus as the school has grown. New markets for advertising have been established as well as.

- The School's Human Resources Department has received several awards for its continued efforts to keep insurance costs low and provide exceptional benefits to its employees. The staff fitness room has continued to increase wellness and group physical activity with the staff.

- The School was named the #1 Healthiest Employer of the Greater Charlotte Area (126-499 employees) by the Charlotte Business Journal for 2020.

- The School was recognized as a Regional Top Workplace by the Charlotte Observer in 2016, 2018, 2019, and 2020.

- The School's CFO, Lynn Kroeger, was awarded CFO of the Year by the Charlotte Business Journal. The School's business office was awarded the Certificate of Excellence in Financial Reporting from both the Government Finance Officers Association (GFOA) and the Association of School Business Officials (ASBO). UA is the only charter school in NC to ever receive either of these awards. This is the 11th year in a row the School has been recognized for both awards.

- The School's Communications Director, Jennifer Sutton Smith, earned six North Carolina School Public Relations Association (NCSPRA) Blue Ribbon Awards for Excellence in Communications.

- The School received a $20,000 energy efficient lighting rebate from the City of Monroe Energy Services as a result of successful energy savings. The School installed LED lighting in the newly constructed buildings and removed fluorescent light bulbs in its older buildings to complete a school wide upgrade during recent improvements.

- The School was visited by Secretary Michael S. Regan of the NC Department of Environmental Quality to present 4th grade teacher, Jamie Dunleavy, with her Environmental Education Certificate and help officially open the newly created outdoor classroom.

- The School administrative staff was successful in operating and continuing to move the School forward while the Board conducted a search for a new Head of School.

- The School encourages and challenges students to meet their highest level of achievement. Honors and Advanced Placement courses are always encouraged at the high school level. The High School was ranked in the top 50 high schools in North Carolina and in the top 20 in the Charlotte metro area. SAT and ACT results exceed national averages in all three areas of critical reading, math and writing. The School will continue to establish goals that increase academic growth through effective and challenging teaching strategies. In addition to challenging on campus courses, upperclassmen have the opportunity to participate in dual enrollment with the local community college as well as take online courses through NCVPS.

- The School is further developing and strengthening its partnerships with colleges and universities to allow dual enrollment opportunities and/or course credit for high school students. The implementation of Naviance Family Connection in the UA guidance department plays a significant role in college readiness and planning for students and their families.

- The School focuses on building strong student-staff-parent-community ties. Families are asked to dedicate at least 60 hours of volunteer time to the school annually. In the 2019-2020 school year, families completed 45,983 service hours which is a savings to the school of $1,135,322. In addition, during the 2019-20 school year, Union Academy high school students performed 15,536 community-service hours. These student community service hours represent a savings of over $383,583. Volunteer hours were significantly lower in 2019-20 due to COVID-19 restrictions.

- The School is strengthening its professional development and growth plan by directly aligning it with its School Improvement Plan and Strategic Plan. A highly educated and licensed faculty and staff serve the K-12 community with ninety three percent of core classes taught by highly qualified teachers. The School is working toward developing and implementing an incentive plan to help attract and retain top talent.

Relevant Financial Policies

Union Academy has adopted a comprehensive set of financial policies. During the current year, several of these policies were particularly relevant. The School maintains an unrestricted, unassigned General Fund balance adequate to meet the unexpected fiscal needs of the School's operations. Based on the recommendation of the

North Carolina Local Government Commission, the School intends to maintain a minimum of 8% of the subsequent year's budget in the unassigned fund balance.

There were no other financial policies that had a significant impact on the 2019-2020 financial statements.

Awards and Acknowledgements

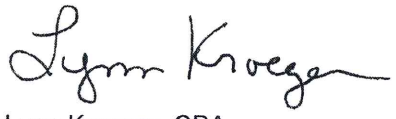
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Union Academy for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the tenth consecutive year the School has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to Union Academy for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the eleventh consecutive year that the School has received this award.

The presentation of this report could not have been accomplished without the efficient and dedicated services of the personnel in the Finance Department and the staff of our independent auditor. Certain county-wide statistical data was also provided by the personnel in Union County's Finance Department. We would like to express our appreciation to all these people for their assistance and contributions in developing the final report.

Respectfully submitted,



Lynn Kroeger, CPA
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Union Academy
North Carolina

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Union Academy

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Claire Hertz

Claire Hertz, SFO
President

David J. Lewis

David J. Lewis
Executive Director

UNION ACADEMY
SCHOOL ADMINISTRATION AND BOARD OF DIRECTORS
JUNE 30, 2020

School Administration

Headmaster – Vacant

High School Principal – Jim Zorn

Middle School Principal – Emily McGinnis

Lower School Principal – Shannen Bretz

Exceptional Children's Coordinator – Cissy Brewer and Susan Hutaff

Chief Financial Officer – Lynn Kroeger

Technology Director – Katie Stewart

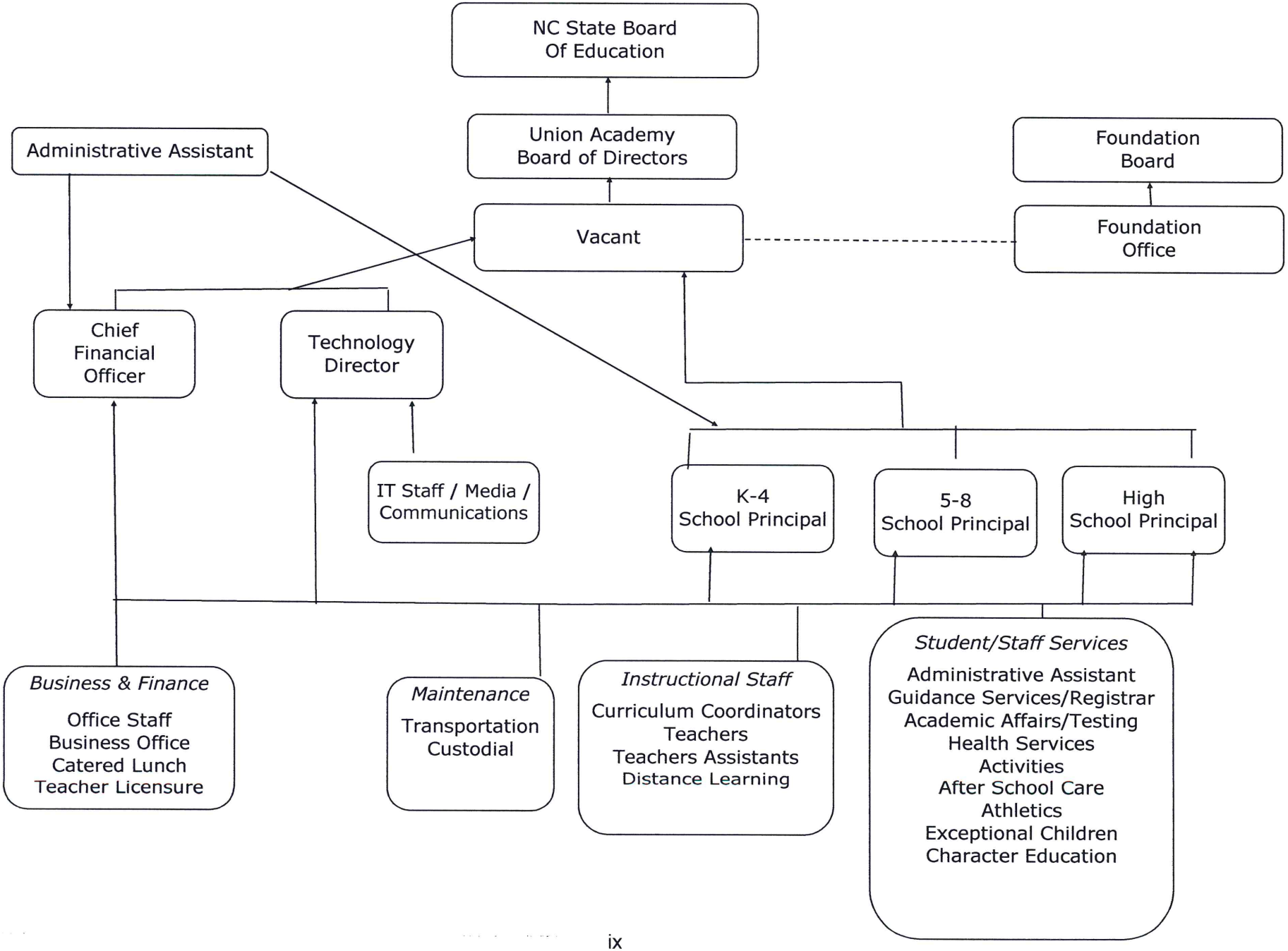
Athletic Director – Michelle Phifer (Interim)

Board of Directors

Jack James – Chair
Kevin Sells – Vice Chair
Lenora Bowman – Secretary
Inessa Montes – Treasurer

Ed Gosicki – Board Member
Sarah Latimer – Board Member
John Laurenzana – Board Member
Nolan McBride – Board Member
Tripp Melton – Board Member
Bob Noblet – Board Member
Greg Rathmell – Board Member
Brandon Reeves – Board Member
Greyson Whitaker – Board Member

Union Academy Organization Chart
2019-2020



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FINANCIAL SECTION

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POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Union Academy
Monroe, 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 **Union Academy**, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise **Union Academy'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 an opinion 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 from 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 auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Union Academy** as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 7-14 be presented to supplement the basic financial statements. Such information, although not 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 historic 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 **Union Academy's** basic financial statements**.** The combining and individual non-major fund financial statement, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Implementation Act*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2020, on our consideration of **Union Academy's** 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 **Union Academy's** internal control over financial reporting and compliance.

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

Potter & Company

October 30, 2020
Monroe, North Carolina

MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of Union Academy (the "School"), we provide these financial statements and this narrative overview and analysis of the School's financial position at June 30, 2020 and its operations for the year then ended. We encourage readers to review the discussion presented here in conjunction with additional information included in the School's financial statements and notes which follow this section.

Financial Highlights

- The assets of the School exceeded its liabilities and deferred inflows at the close of the fiscal year by $9,853,186 *(net position)*.

- The School's total net position increased by $1,471,166, primarily due to an increase in the governmental-type activities' net position.

- As of the close of the current fiscal year, the School's governmental funds reported combined ending balances of $7,714,764, an increase of $1,813,294 in comparison with the prior year. $1,808,346 of this increase can be attributed to both the increase in amount received per student as well as the total number of students coupled with the decrease in expense per students over the prior year.

- Enrollment continues to increase at the School, rising by 46 students this last year, a 2.4% increase. The majority of this enrollment primarily occurred in the middle school in an effort to enroll siblings. Seventh and eighth grade enrolled 20 siblings and 19 siblings respectively. Student enrollment totaled 1,953, 1907 and 1,692 in years 2020, 2019 and 2018, respectively.

- The School expended an average of $7,755 of State, local and federal current expense dollars per pupil for the fiscal year 2019-2020 compared to $8,362 in the previous year.

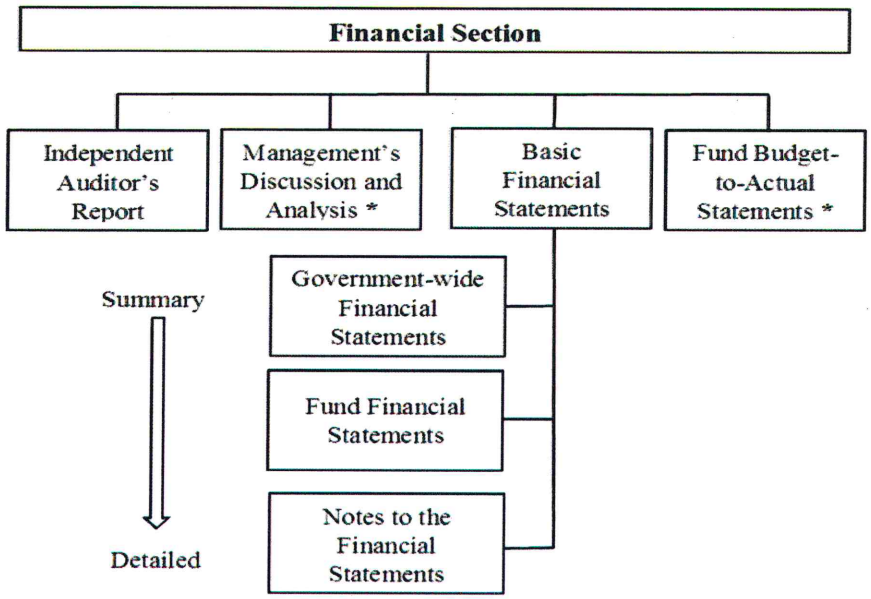
Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements consist of three components; the government-wide financial statements, the fund financial statements, and the notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide financial statements and the fund financial statements. In addition to the basic financial statements, the annual financial report contains the independent auditors' report, certain required supplementary information and other required schedules that provide additional information to enhance the reader's understanding of the financial position and activities of the School.

The chart in Figure 1 outlines the relationships of the components of the annual financial report.

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 School's financial status.

The next statements (Exhibits 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the School. These statements provide more detail than the government-wide statements.

The next section of the basic financial statements includes 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 School's individual funds. Budgetary information for the School also can be found in this section of the statements.

Government-Wide Financial Statements

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

The government-wide statements report the School's net position and how it has changed. Net position is the difference between the School's total assets plus deferred outflows of resources minus

the total of liabilities plus deferred inflows of resources. Measuring net position is one way to gauge the School's financial condition.

The governmental activities include the School's basic functions such as instructional services and business services. State, county and federal funds provide virtually all of the funding for these functions.

The condensed government-wide financial statements are provided in Figures 2 and 3 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the School'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 School, 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 North Carolina General Statutes or the School's budget ordinance. All of the funds of the School fall into the category of governmental 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 School's basic services are accounted for in governmental funds. These funds focus on how 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* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the School's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The School adopts a unit-wide annual budget, although it is not required to do so by the General Statutes. Because the budget is not legally required by the statutes, the budgetary comparison statements are not included in the basic financial statements but are part of the supplemental statements and schedule that follow the notes. The budget is a legally adopted document that incorporates input from the faculty, management, and the Board of Directors of the School in determining what activities will be pursued and what services will be provided by the School during the year. It also authorizes the School to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for each of the funds demonstrates how well the School has complied with the budget ordinance and whether the School has succeeded in providing the services as planned when the budget was adopted.

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 22 of this report.

Government-Wide Financial Analysis

The financial analysis reveals that at June 30, 2020 cash and cash equivalents and other current assets accounted for 26.7% of total government-wide assets representing a slight increase over prior year. In addition, prepaid items and the interest rate swap accounted for 62.2% and 6.4% of total government-wide assets, respectively. These relationships changed slightly from the prior year. Capital assets, net

of accumulated depreciation, accounted for 4.7% of total assets. Long-term liabilities represent 95.5% of total liabilities. In addition, other liabilities representing 4.5% of total liabilities decreased insignificantly over prior year.

As previously noted, net position may, over time, serve as one useful indicator of a school's financial condition. The assets of the School exceeded liabilities and deferred inflows of resources by $9,853,186 as of June 30, 2020. As of June 30, 2019, the net position of the School stood at $8,382,020. The School's net position increased by $1,471,166 for the fiscal year ended June 30, 2020, compared to an increase of $1,206,290 in 2019. The School's investment in capital assets (e.g. furniture and school-related equipment) represents 15.2% of total net position. The School uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. The remaining net asset amount, $8,353,692, is unrestricted. In 2019, the amount of net investment in capital assets was $1,565,227 with unrestricted net position standing at $6,816,493.

A condensed statement of net position which summarizes the assets, liabilities, deferred inflows of resources and net position at June 30, 2020 and 2019 is as follows:

Condensed Statement of Net Position
Figure 2

	Governmental Activities	
	2020	2019
Assets		
Current and other assets	$ 30,670,326	$ 28,489,902
Non-current:		
Capital assets, net	1,499,494	1,565,227
Restricted investments	-	-
Total assets	32,169,820	30,055,129
Liabilities		
Long-term liabilities	19,332,123	19,948,753
Other liabilities	913,476	927,300
Total liabilities	20,245,599	20,876,053
Deferred inflows of resources	2,071,035	797,056
Net position:		
Net invested capital assets	1,499,494	1,565,227
Unrestricted	8,353,692	6,816,793
Total net position	$ 9,853,186	$ 8,382,020

Several aspects of the School's financial operations contributed to the improvement in the total unrestricted governmental net position:

- The School adopted an annual budget for all funds. The School's performance was measured using these budgets on a monthly basis, allowing changes in spending as needed to stay within the budget.
- The School applied for and was awarded several federal grants to assist with the expenses of meeting the education needs of exceptional children.

- The School's deferred inflows of resources increased by $1,273,979 due to the change in the value of the swap because of interest rate fluctuations from the impact of Covid-19 in the spring of 2020.

- Long-term liabilities decreased due to principal payments of $616,630 paid during the year. Other liabilities decreased slightly by $13,821 primarily due to the decrease in deferred revenues since fewer parents chose to prepay in the spring for overnight field trips for the following school year due to Covid-19.

Revenues, expenses, transfers and the change in net position is summarized in the following condensed statement of activities for the years ended June 30, 2020 and 2019:

Condensed Statement of Activities
Figure 3

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	$ 567,258	$ 768,745
Operating grants and contributions	248,858	219,836
General revenues:		
County and State funds	16,114,494	15,167,033
Other	678,459	868,991
Total revenues	17,609,069	17,024,605
Expenses:		
Instructional services	10,445,981	10,269,535
System-wide support services	4,943,858	4,787,498
Debt service	748,064	761,282
Total expenses	16,137,903	15,818,315
Change in net position	1,471,166	1,206,290
Net position, beginning	8,382,020	7,175,730
Net position, ending	$ 9,853,186	$ 8,382,020

Governmental activities: Governmental activities increased the School's net position by $1,471,166, when compared to the prior year. This change is attributed to the following:

- County and State funds of $16,114,494 increased by $947,461 and make up 91.5% of total revenues. $353,970 of this increase (37%) is attributed to the increase in the number of enrolled students from the prior year of 46 students, coupled with the increase in funds received per student by 2.9%. County and State funding received per student was $7,695 for FY 2020 compared to $7,478 from the prior year. Federal revenues increased 13.2% or $29,022 due to an increase in the number of exceptional children by 8.4% to 180 from 166 for the FY 2020 to FY 2019, respectively. Exceptional children student population stands at 9.2% which is below the funding cap of 12.5% of the total student population.

- Instructional services and related expenses of $10,445,981 and system-wide support services expense of $4,943,858 account for 64.7% and 30.7% of total expenses, respectively. Salaries and benefits increased by about $645,003 due to the addition of a few instructional staff positions which totaled $132,326. The remaining increase is due to total bonuses paid mid-year to faculty and staff of $269,700 and pay increases of approximately $242,977. Teachers and staff received an average raise mid-year of 2.5%. The salaries and benefits increase is offset by the decrease in costs related to closing the school to students in March 2020.

- The remaining 4.6% of total expenses is the interest expense of $748,064. This interest expense is related to debt service and decreased slightly due to a decreasing principal balance in FY 2020.

Financial Analysis of the School's Funds

As previously noted, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the School's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the School. At the end of the current fiscal year, the assets in the General Fund consisted primarily of cash and cash equivalents which equaled 98.5% of total fund assets. Accrued salaries and wages payable accounted for 89.8% of General Fund liabilities. The unassigned fund balance of the General Fund was $6,248,453, or 81.0% of total fund balance, while total fund balance reached $7,714,764. The primary source, 78.2% of General Fund revenue, was $4,476,795 in reimbursements by various counties for their students attending the School. An additional $255,000, or 4.5% of General Fund revenue, was provided by the Union Academy Foundation as an annual contribution towards debt service. Other school and club activities amounted to $966,077, or 16.9% of General Fund revenues. These are funds received for school activities such as daily and overnight field trips, catered lunch and clubs. 62.6% of total General Fund expenditures are composed of salaries and benefits included in both Instructional and System-wide services. Instructional support services of $2,518,558 and System-wide support services of $999,545 represented 64.4% and 25.6% respectively of General Fund expenditures. Additional capital outlay of $186,542 and debt service of $204,573 accounted for 4.8% and 5.2%, respectively, of General Fund expenditures.

At June 30, 2020, the government funds of the School reported a combined fund balance of $7,714,764, a 30.7% increase over last year.

Capital Asset and Debt Administration

Capital assets. The School's investment in capital assets for its governmental activities as of June 30, 2020, totals $1,499,494 (net of accumulated depreciation). These assets include modular units, furniture and fixtures, food service equipment, computer equipment, leasehold improvements, other equipment, and vehicles.

Capital assets had a net decrease of $65,733. This is primarily due to the disposal of $21,954 related to the modulars at the original lower school campus that was located at 3828 Old Charlotte Highway coupled with annual depreciation of $603,816. These decreases were offset by capital additions of $560,037. Leasehold improvements totaled $239,138 or 42.7% of total additions as the School remodeled the media center, middle and high school classrooms and hallways. Instructional computer hardware such as Chromebooks and smartboards represented 39.7% or $222,487 of capital expenditures as the School continues to increase the use of technology in the classrooms for K-12. The remaining $98,412 or 17.6% of capital additions included lockers, school vehicles and a retractable awning to allow for outdoor learning opportunities due to Covid-19.

The following schedule summarizes the School's capital assets as June 30, 2020 and 2019:

Capital Assets, Net of Depreciation
Figure 4

	Governmental Activities	
	2020	2019
Modular units	$ 20,351	$ 60,422
Furniture and fixtures	344,466	393,242
Food service equipment	5,943	7,720
Computer equipment	419,726	539,165
Leasehold improvements	596,221	449,944
Equipment	75,021	107,888
Vehicles	37,766	6,846
Capital assets, net	$ 1,499,494	$ 1,565,227

Additional information on the School's capital assets can be found in note II.A.4. of the basic financial statements.

Long-term Debt. At June 30, 2020, the School had total debt outstanding of $19,332,123. The debt consists of revenue bonds.

The School's outstanding debt at June 30, 2020 and 2019 is summarized in the following schedule:

Long-term Obligations
Figure 5

	Governmental Activities	
	2020	2019
Revenue bonds	$ 19,332,123	$ 19,948,753

The School issued a $20,000,000 Educational Facilities Revenue Bond Series 2017 for the purpose of refunding the outstanding principal amount of the Series 2010 Revenue Bond and for prepayment of an educational facilities expansion that included the lower school building and competition gym. The School's total debt decreased by $616,630 during the past fiscal year due to principal payments.

Economic Factors

The following key economic indicators reflect the growth and prosperity of the School:

- The low unemployment rate (3.3%) prior to March 2020 for Union County has increased revenues and contributed to the increase in funding to all public schools in the area, including charter schools. The fiscal year 2019-2020 local county per pupil funding levels increased 3.1% over prior year.

- Demand for enrollment in the School remains strong. The School had over 2,200 applicants for the lottery. A waitlist is currently maintained that continues to include more than 1,600 students in grades K-12.

Impact of Coronavirus on School. During the fiscal year, the state and the nation were affected by the spread of a coronavirus. The School's response to the coronavirus included:

- A reduction in force of five employees in the spring of 2020.
- Staff working remotely from March until the end of the school year.
- The School received supplemental COVID-19 funds, that allowed for the purchase of $70,049 in additional Chromebooks for remote instruction in the final quarter of FY 2020.
- Investment in personal protective equipment, temperature scanning devices and disinfectant cleaners in preparation for the upcoming school year.

Requests for Information

This report is designed to provide an overview of the School'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 Lynn Kroeger, Chief Financial Officer, Union Academy, 675 North Martin Luther King Jr. Blvd., Monroe, NC 28110, telephone (704) 238-8883. Additional information is available at the School's website, www.unionacademy.org.

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UNION ACADEMY™

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BASIC FINANCIAL STATEMENTS

UNION ACADEMY™

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Exhibit 1

Union Academy
Statement of Net Position
June 30, 2020

	Primary Government		Component Unit
	Governmental Activities	Total	Union Academy Foundation
ASSETS			
Cash and cash equivalents	$ 8,471,061	$ 8,471,061	$ 93,682
Investments	-	-	828,566
Due from other governments	58,842	58,842	-
Accounts receivable	-	-	153
Pledges receivable, net	-	-	118,952
Receivables from fiduciary funds	63,000	63,000	-
Prepaid items	20,006,388	20,006,388	4,053
Capital assets			
Land	-	-	1,116,143
Construction in progress	-	-	4,032
Other capital assets, net of depreciation	1,499,494	1,499,494	23,452,034
Other assets:			
Interest rate swap	2,071,035	2,071,035	-
Beneficial interest in assets held by others	-	-	106,417
Total Assets	32,169,820	32,169,820	25,724,032
LIABILITIES			
Accounts payable	40,554	40,554	14,234
Accrued salaries and wages payable	798,534	798,534	-
Accrued interest payable	23,885	23,885	-
Due to other governments	43,860	43,860	-
Deferred revenue	6,643	6,643	-
Long-term liabilities:			
Unearned rent, current portion	-	-	891,967
Unearned rent, long-term portion	-	-	19,102,968
Due within one year	636,540	636,540	-
Due in more than one year	18,695,583	18,695,583	-
Total Liabilities	20,245,599	20,245,599	20,009,169
DEFERRED INFLOWS OF RESOURCES	2,071,035	2,071,035	-
NET POSITION			
Net investment in capital assets	1,499,494	1,499,494	24,572,209
Unrestricted	8,353,692	8,353,692	(18,857,346)
Total Net Position	$ 9,853,186	$ 9,853,186	$ 5,714,863

The accompanying notes are an integral part of this statement.

Exhibit 2

Union Academy
Statement of Activities
June 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Unit: Union Academy Foundation
Primary government:						
Governmental Activities:						
Instructional services	$ 10,445,981	$ 567,258	$ 248,858	$ (9,629,865)	$ (9,629,865)	
System-wide support services	4,943,858	-	-	(4,943,858)	(4,943,858)	
Interest on long-term debt	748,064	-	-	(748,064)	(748,064)	
Total governmental activities	16,137,903	567,258	248,858	(15,321,787)	(15,321,787)	
Total primary government	$ 16,137,903	$ 567,258	$ 248,858	$ (15,321,787)	$ (15,321,787)	
Component units:						
Union Academy Foundation	$ 1,360,858	$ 891,967	$ -			$ (468,891)
General revenues:						
Unrestricted county appropriations				$ 4,476,795	$ 4,476,795	$ -
Unrestricted State appropriations				11,637,699	11,637,699	-
Contributions and donations				24,640	24,640	642,467
Miscellaneous, unrestricted				653,819	653,819	(17,664)
Total general revenues excluding special items, and transfers				16,792,953	16,792,953	624,803
Change in net position				1,471,166	1,471,166	155,912
Net position - beginning				8,382,020	8,382,020	5,558,951
Net position - ending				$ 9,853,186	$ 9,853,186	$ 5,714,863

The accompanying notes are an integral part of this statement.

Union Academy
Balance Sheet - Governmental Funds
June 30, 2020

Exhibit 3

	Major Funds		Non-Major Funds	Totals
	General	State Public School	Federal Grants	Governmental Funds
ASSETS				
Cash and cash equivalents	$ 8,471,061	$ -	$ -	$ 8,471,061
Due from other governments	58,842	-	-	58,842
Receivables from fiduciary funds	63,000	-	-	63,000
Prepaid items	11,452	-	-	11,452
Total Assets	$ 8,604,355	$ -	$ -	$ 8,604,355
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 40,554	$ -	$ -	$ 40,554
Accrued salaries and taxes payable	798,534	-	-	798,534
Due to other governments	43,860	-	-	43,860
Due to foundation	6,643	-	-	6,643
Total Liabilities	889,591	-	-	889,591
Fund Balances:				
Committed:				
Operating reserve	1,263,662	-	-	1,263,662
Assigned:				
Clubs and activities	202,649	-	-	202,649
Unassigned	6,248,453	-	-	6,248,453
Total Fund Balances	7,714,764	-	-	7,714,764
Total Liabilities and Fund Balances	$ 8,604,355	$ -	$ -	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	5,103,554
Accumulated depreciation	(3,604,060)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
Prepaid Foundation lease	19,994,936
Some liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds	
Series 2017 Bond	(19,332,123)
Accrued interest for note payable not reported in the fund statements	(23,885)
Net position of governmental activities	$ 9,853,186

Exhibit 4

Union Academy

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

June 30, 2020

	Major Funds		Non-Major Funds	Total
	General	State Public School	Federal Grants	Governmental Funds
Revenues				
State of North Carolina	$ -	$ 11,637,699	$ -	$ 11,637,699
U. S. Government	-	-	248,858	248,858
Union County and other counties	4,476,795	-	-	4,476,795
Foundation contributions	255,000	-	-	255,000
Contributions and other donations	24,640	-	-	24,640
Other school and club activities	966,077	-	-	966,077
Total Revenues	5,722,512	11,637,699	248,858	17,609,069
Expenditures				
Current:				
Instructional services	2,518,558	7,228,647	248,858	9,996,063
System-wide support services	999,545	2,876,494	-	3,876,039
Capital outlay	186,542	373,495	-	560,037
Debt services				
Principal	104,160	512,470	-	616,630
Interest and other charges	100,413	646,593	-	747,006
Total Expenditures	3,909,218	11,637,699	248,858	15,795,775
Excess (deficiency) of revenues over expenditures	1,813,294	-	-	1,813,294
Net change in fund balance	1,813,294	-	-	1,813,294
Fund Balances:				
Beginning of Period	5,901,470	-	-	5,901,470
End of Period	$ 7,714,764	$ -	$ -	$ 7,714,764

The accompanying notes are an integral part of this statement.

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

June 30, 2020

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

Net changes in fund balances - total governmental funds		$ 1,813,294
The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities reported in the government-wide statement of activities. 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. The details of this difference are as follows:		
Capital outlay expenditures recorded in the fund statements but capitalized as assets on the statement of activities.	$ 560,037	
Depreciation expense that is recorded on the statement of activities but not in the fund statements.	(603,816)	
		(43,779)
The fund financial statements record interest expenditures on the current financial resource measurement focus whereas the government-wide financial statements recognize interest expense on the accural basis. The reconciling amount was the change in accrued interest from the prior year.		(1,058)
The issuance of long-term debt 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 has any effect on net position. Also, governmental funds report the effect of premiums, discounts and prepaid insurance when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Debt issued or incurred:		
Principal payments on debt	616,630	
		616,630
Expenses reported on the statement of activities that do not require the use of current resources are not recorded as expenditures in the governmental funds. The details of this differences are as follows:		
Loss on disposal of fixed assets	(21,954)	
Amortization of prepaid lease	(891,967)	
		(913,921)
Total changes in net position of governmental activities		$ 1,471,166

The accompanying notes are an integral part of this statement.

Union Academy
Statement of Fiduciary Net Position
Custodial Fund
June 30, 2020

Exhibit 6

ASSETS		
Cash and cash equivalents	$	2,566
LIABILITIES		
Due to other fund	$	63,000
Unearned revenue		3,200
		66,200
NET POSITION		
Unrestricted		(63,634)
Total liabilities and net position	$	2,566

The accompanying notes are an integral part of this statement.

Union Academy

Exhibit 7

Statement of Changes in Fiduciary Net Position

Custodial Fund

June 30, 2020

ADDITIONS	
Pre-K tuition	$ 145,960
Afterschool tuition	16,850
Pre-care tuition	950
Application fees	1,975
Other	200
Total revenues	165,935
DEDUCTIONS	
Advertising and promotion	799
Bank service charges	9,263
Repairs and maintenance	907
Materials and supplies	1,664
Employee benefits	19,843
Miscellaneous	2,338
Payroll taxes	10,710
Salaries and wages	142,248
Total expenses	187,772
Change in net position	(21,837)
Net position, beginning of year	(41,797)
Net position, end of year	$ (63,634)

I. Summary of Significant Accounting Policies

The accounting policies of **Union Academy** (the School) conform to generally accepted accounting principles (GAAP) as applicable to governments. Charter schools are established by non-profit entities, such as Union Academy. Because of the authority of the State Board of Education (the "SBE") to terminate, not renew or seek applicants to assume a charter on grounds sent out in the North Carolina General Statutes at G.S. 115C-218.95 with all net assets purchased with public funds reverting to a local education agency (G.S. 115C-218.100), the charter schools in North Carolina follow the governmental reporting model as used by local education agencies. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Union Academy is a public charter school located in Monroe, North Carolina. The School is governed by a local non-profit corporation and serves 1,953 students. The School operates under an approved charter received from the SBE and applied for under the provisions of General Statute (G.S.) 115C-218.1. G.S. 115C-218.6(b)(1) states that a charter school shall be subject to the audit requirements adopted by the SBE, which includes the audit requirements established by G.S. 115C-447 of the School Budget and Fiscal Control Act (SBFCA), and requires financial statements to be prepared in accordance with GAAP. The School is located at 675 North M.L. King Jr. Blvd. in Monroe, NC.

The current charter is effective until June 30, 2025 and may renew for subsequent periods of ten (10) years unless one of the conditions in G.S. 115C-218.6(b) applied in which case the SBE may renew the charter for a shorter period or not renew the charter. Management believes that the charter will be renewed in the ordinary course of business.

The School has been recognized by the Internal Revenue Service as exempt from Federal income taxation under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

As required by generally accepted accounting principles, these financial statements present the School and its component unit, a legally separate entity. The discretely presented component unit described below is reported in a separate column in the School's financial statements in order to emphasize that it is legally separate from the School.

Union Academy Foundation (the "Foundation") is a legally separate, nonprofit corporation, served by a self-appointing board of directors. The Foundation was established to provide support, both financial and otherwise, to the School and other non-profit educational ventures, which seek to increase learning opportunities for all students. The School, under an agreement with the Foundation, leases a significant portion of the Foundation's assets. These Foundation assets are held as collateral on the School's revenue bond payable. Based on the significant resources provided by the Foundation to the School, the Foundation is reflected as a component unit of the School. The Foundation's financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-for-Profit Organizations." The most recent separately issued accrual basis financial statements for the Foundation for the year ended June 30, 2020, can be obtained from the entity's administrative office at Union Academy Foundation, 675 North M.L. King Jr. Blvd., Monroe, NC 28110.

I. Summary of Significant Accounting Policies - *Continued*

The School shows a custodial fund in Exhibits 6 and 7 in the Basic Financial Statements. This custodial fund belongs to Union Academy Private PreKindergarten (UA Pre-K). UA Pre-K is organized for educational purposes and to provide support, both financial and otherwise, to Union Academy and to other non-profit educational ventures that qualify as exempt organizations under Sections 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1986 (herein the "Code") (or the corresponding provisions of any future United States Internal Revenue Code), especially those ventures which seek to increase learning opportunities for all students. The UA Pre-K was incorporated in February 2017 and began operations in July 2017. The mission of the UA Pre-K is to educate the whole child, provide challenging, high quality instruction, strong character development in all of its students and collaborative family involvement. The vision is to be a pathway by which children mature and grow into confident young students who are highly prepared and motivated to make positive contributions to their school community. The School is the sole external financial contributor and ensures that the necessary resources and funds are available for UA Pre-K daily operations. UA Pre-K enrollment does not secure or guarantee enrollment at the School. The UA Pre-K is located at 3828 Old Charlotte Hwy, Monroe, NC 28110.

B. Basis of Presentation

In accordance with GASB Statement No. 34, Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments ("GASB 34"), the School is a special-purpose government that is engaged in governmental activities and is not a component unit of another government. Therefore, the financial statements are prepared in the same manner as general-purpose governments.

Government-wide Statements: The statement of net position and the statement of activities display information about the School and the Foundation. These statements include the financial activities of the overall government activities and the component unit. Eliminations have been made to minimize the double counting of internal activities. These statements would distinguish between the governmental and business-type activities of the School, in the event such activities existed. Governmental activities generally are financed through intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The School had no significant business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the School'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 are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the School's funds. A separate statement for major governmental funds is presented. All remaining governmental funds are aggregated and reported as non-major funds.

The School reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the School. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund.

I. **Summary of Significant Accounting Policies** - *Continued*

State Public School Fund. The State Public School Fund includes appropriations from the Department of Public Instruction for current operating needs of the School and is reported as a special revenue fund.

The School reports the following fiduciary fund:

Custodial Fund: The Custodial Fund is used to account for the funds of a private not-for-profit organization operating a prekindergarten program.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and 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 School and Foundation gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, contributions, and donations. Revenue from grants, contributions, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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. The School considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the School funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unassigned net position available to finance the program. It is the School's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

D. Budgetary Data

The School adopts an annual budget that reflects all revenues and expenditures for the School. The budget is prepared using the modified accrual basis of accounting.

The governing board has voluntarily established the policy, as a sound business practice, that expenditures may not exceed appropriations based on the adopted budget and subsequent amendments. During the year, several amendments to the original budget were necessary. The budget presented in these financial statements represents the budget of the School at June 30, 2020. All appropriations lapse at year end.

I. **Summary of Significant Accounting Policies** - *Continued*

In accordance with the Governmental Accounting Standards Board, governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund and each major special revenue fund are required to present a budgetary comparison schedule as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget. This is presented on page 40 and explains the differences between budgetary sources and uses of funds and GAAP revenues and expenditures for the total governmental funds.

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

1. Deposits

All deposits of the School and the Foundation are made in a local bank, whose accounts are FDIC insured. The School has established an interest-earning checking account. The School's deposits are essentially demand deposits and are considered cash and cash equivalents. The Foundation considers all highly liquid unrestricted investments with maturities of three months or less to be cash equivalents.

2. Investments

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The School has prepaid balances in regard to employee benefit expenses. The School's main prepaid balance is a lease to the Foundation and uses the consumption method of accounting to expense rent based on the operating lease agreement. Accordingly, the Foundation has unearned rental revenue relating to the School's prepayment of the lease. Please see Note II.B.4.a. for further information about the lease.

4. Pledges Receivable (Component Unit)

Unconditional promises to give are recognized by the Foundation in the period when the promise was received. Contributions that are restricted by the donor are reported as increases in net position without donor restrictions if the restrictions expire in the fiscal year in which the contributions or grants are received. All other donor-restricted contributions are reported as increases in net position with donor restrictions. When a restriction expires, net position with donor restrictions are reclassified to net position without donor restrictions. Pledges receivable are stated net of any uncollectable amounts and discounts to present value. The Foundation uses the reserve method for accounting for uncollectible promises to give, based on historical data.

I. **Summary of Significant Accounting Policies** - *Continued*

5. Capital Assets

The School's and Foundation's capital assets are recorded at original cost and depreciated over the useful life of the assets using the straight-line method of depreciation. Donated assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after July 1, 2015 are recorded at acquisition value. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

It is the policy of the School to capitalize all capital assets costing more than $5,000 with an estimated useful life of two or more years. In addition, other items that are purchased and used in large quantities, such as student desks and office furniture, are capitalized and reported as general capital assets. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The School's capital assets are depreciated over the following estimated useful lives:

	Years
Modulars	8
Leasehold Improvements	10
Furniture and Fixtures	5-10
Food Service Equipment	7
Equipment	3-7
Vehicles	3-5
Computer Equipment	3-5

The Foundation's capital assets are depreciated over the following estimated useful lives:

	Years
Buildings	20-40
Building Improvements	10-40
Land Improvements	15-40
Furniture and Equipment	3-10

6. Long Term Obligations

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

7. Deferred outflows or 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 School has no items that meet this criterion. 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

I. **Summary of Significant Accounting Policies** - *Continued*

period and so will not be recognized as revenue until then. The School has one item that meets the criterion for this category, which is the interest rate swap. The interest rate swap agreement is stated at fair value. The fair value of the interest rate swap agreement is the estimated amount that the bank or financial institution would receive or pay to terminate the swap agreement at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

8. Compensated Absences

The School does not have any liability for compensated absences which would be reported in the government-wide financial statements. The sick leave policy of the School provides for an accumulation of up to 10 earned sick leave days per year without carryover. Sick leave does not vest. Since the School has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

9. Net Position/Fund Balances

Net Position
Net position in the government-wide financial statements is 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 or contributors, or laws or regulations of other governments, or imposed by law through State statute.

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

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. As of June 30, 2020, the School had no nonspendable fund balance amounts.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law. As of June 30, 2020, the School had no restricted fund balance amounts.

Committed Fund Balance – portion of fund balance that can only be used for a specific purpose imposed by the governing body (highest level of decision-making authority). Any changes or removal of the specific purpose requires a formal resolution enacted by the governing body that approved the original action.

Operating Reserve – reserve used in any fiscal year to cover an unexpected loss of revenue or an extraordinary expenditure. The reserve is to be funded at 8% of the total expenditures of the succeeding year. Expenditures from this reserve must be approved by the Board.

Assigned Fund Balance – portion of fund balance that the School intends to use for specific purposes. The Chief Financial Officer assigns these amounts for a specific purpose which is governed by the School's Internal Fiscal Control Policy 5.1, established by the governing body of the School.

I. **Summary of Significant Accounting Policies** - *Continued*

Clubs and Activities – reserve sources assigned for expenditures for the various clubs and organizations, athletic events, and various fundraising activities for which they were collected.

Unassigned Fund Balance – the portion of fund balance that has not been assigned to another fund or restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that can report a positive unassigned fund balance.

The School has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Chief Financial Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local funds, School 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 Chief Financial Officer has the authority to deviate from this policy if it is in the best interest of the School.

10. Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet (Exhibit 3) includes a reconciliation between governmental funds' total fund balance and governmental activities' net position reported in the government-wide statement of net position (Exhibit 1). The net adjustment totaled $2,138,422.

11. Accounting for Uncertainty in Income Taxes

The School adopted ASC 740-10 as it related to uncertain tax positions effective for the year ended June 30, 2020 and has evaluated its tax positions taken for all open tax years. However, the School is not currently under audit nor has the School been contacted by these jurisdictions. Based on the evaluation of the School's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended June 30, 2020.

12. Estimates

The School's management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect reported amounts of assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

F. Revenues, Expenditures, and Expenses

1. Funding

Union Academy is funded by the State Board of Education, receiving (i) an amount equal to the average per pupil allocation for the average daily membership (ADM) from the local school administrative unit allotments in which the school is located (Union County Board of Education) for each child attending the School except for the allocation for children with special needs and (ii) an additional amount for each child attending the School who is a child with special needs [G.S. 115C-218.105(a)].

I. **Summary of Significant Accounting Policies** - *Continued*

Subject to certain limitation, funds allocated by the SBE may be used to enter into operational and financing leases for real property or mobile classroom units for use as school facilities for charter schools and may be used for payments on loans made to charter schools for facilities, equipment, or operations (G.S. 115C-218.105(b)).

Additionally, the School receives for each student an amount equal to the per pupil share of the local current expense fund of the local school administrative unit in which the child resides (G.S.115C-218.105(c)). Amounts transferred that consist of revenue from supplemental taxes shall be transferred only to a charter school located in the district where the taxes are levied and the child resides.

For the fiscal year ended June 30, 2020, **Union Academy** received funding from the Boards of Education for Union County Schools ($4,312,509), Charlotte-Mecklenburg County Schools ($120,859), Anson County Schools ($26,690), Cabarrus County Schools ($13,417), and Stanly County Schools ($3,318).

Furthermore, **Union Academy** has received donations of cash and/or equipment from private organizations and individuals. The cash has been used primarily for the purchase of new assets or various costs related to the construction of a new school facility.

2. Reconciliation between government-wide and fund statements

The governmental fund statement of revenues, expenditures, and changes in fund balance is followed by reconciliation between the change in fund balance of the governmental funds and the change in net position of the governmental activities as reported on the government-wide statement of activities. The net difference between the governmental fund statement of revenues, expenditures and changes in fund balance (Exhibits 4 and 5) and the government-wide statements of activities (Exhibit 2) totaled ($342,128).

II. **Detail Notes on All Funds**

A. Assets

1. Deposits

The School's deposits are maintained in a public fund account with Truist Bank (Truist). The public fund account provides deposit insurance coverage for cash balances that would not otherwise be insured by the Federal Deposit Insurance Corporation ("FDIC"). This program sweeps cash balances in excess of the $250,000 FDIC insured amounts to various FDIC insured depository institutions.

At June 30, 2020, the School had deposits with a bank and a carrying amount of $8,470,761. The bank balance with the financial institution was $8,662,552. Of the bank balances, $250,000 was insured by the FDIC and $8,412,552 was insured by Truist's public fund insured deposit program.

II. **Detail Notes on All Funds** - *Continued*

At June 30, 2020, the Foundation had deposits with a bank with a carrying amount of $93,682. The Foundation did not have any uninsured cash balances at June 30, 2020.

2. Investments

Investments for the Foundation as of June 30, 2020 are as follows:

	Value at Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2020
Beneficial interest in assets held by FFTC	$ -	$ -	$ 106,417	$ 106,417
Mutual Funds	-	817,088	-	817,088
Common Stock	11,478	-	-	11,478
Total Investments	$ 11,478	$ 817,088	$ 106,417	$ 934,983

The following is a description of the valuation methodologies used for investments for which fair value is presented.

Common Stock
Valued at the closing price reported on the active market on which the individual securities are traded.

Beneficial interest in assets held by FFTC
Value based on the values of the underlying investments held by the Active Long-Term Growth Pool maintained by FFTC. The underlying investments are made up of exchanged-traded funds with quoted market values, comprising of broad domestic and international large and small cap stocks in developed and emerging markets.

Mutual Funds
Value based on pricing information provided by quotation services or other sources, which are considered reliable but cannot be guaranteed.

3. Due From Other Governments

Due from other governments consists of the following:

Sales tax receivable	$ 58,842

II. **Detail Notes on All Funds** - *Continued*

4. Capital Assets

The School's capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental activities:					
Capital assets being depreciated:					
Modulars	$ 200,103	$ -	$ 165,508	$ -	$ 34,595
Furniture and Fixtures	900,167	59,217	9,166	-	950,218
Food Service Equipment	20,496	-	-	-	20,496
Computer Equipment	2,035,379	222,487	-	-	2,257,866
Leasehold Improvements	1,035,296	239,138	-	-	1,274,434
Equipment	212,377	-	-	-	212,377
Vehicles	316,173	39,195	1,800	-	353,568
Total capital assets being depreciated	4,719,991	560,037	176,474	-	5,103,554
Less accumulated depreciation for:					
Modulars	139,681	18,117	143,554	-	14,244
Furniture and Fixtures	506,925	107,993	9,166	-	605,752
Food Service Equipment	12,776	1,777	-	-	14,553
Computer Equipment	1,496,214	341,926	-	-	1,838,140
Leasehold Improvements	585,352	92,861	-	-	678,213
Equipment	104,489	32,867	-	-	137,356
Vehicles	309,327	8,275	1,800	-	315,802
Total accumulated depreciation	3,154,764	$ 603,816	$ 154,520	$ -	3,604,060
Governmental activity capital assets, net	$1,565,227				$ 1,499,494

Depreciation expense was charged to governmental functions as follows:

Instructional services	$ 449,918
System-wide supporting services	153,898
	$ 603,816

The Foundation's capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Capital assets not being depreciated:					
Land	$ 1,116,143	$ -	$ -	$ -	$ 1,116,143
Construction in progress	-	4,032	-	-	4,032
Total capital assets not being depreciated	1,116,143	4,032	-	-	1,120,175
Capital assets being depreciated:					
Buildings	25,778,625	-	38,213	-	25,740,412
Building improvements	48,005	24,769	-		72,774
Land improvements	1,325,489	20,043	-		1,345,532
Furniture and equipment	235,293	-	-	-	235,293
Total capital assets being depreciated	27,387,412	$ 44,812	$ 38,213	$ -	27,394,011
Less accumulated depreciation:					
Total accumulated depreciation	3,233,052	$ 725,219	$ 16,294	$ -	3,941,977
Total capital assets being depreciated, net	24,154,360				23,452,034
Foundation capital assets, net	$ 25,270,503				$ 24,572,209

II. **Detail Notes on All Funds** - *Continued*

B. Liabilities

1. Retirement Plan

Effective July 31, 2016 School terminated the 403(b) retirement plan and adopted a 401(k) retirement plan. Participant balances in the terminated plan reverted to a paid-up retirement annuity for which participants can elect to transfer their balances to the new 401(k) plan. The 401(k) plan allows plan participants to make salary deferral contributions to the plan in an amount not in excess of the maximum allowed by the Internal Revenue Code. The School contributes a 100% match on the voluntary contributions up to the first 3% of the annual compensation of each plan participant.

The participants may make voluntary contributions, pursuant to a salary reduction agreement, of a percentage of annual compensation not to exceed the limits set by the Internal Revenue Code. For the year ended June 30, 2020 the Board of Directors approved a discretionary match; therefore, the School contributed a 100% match on the voluntary contributions up to the first 3% of the annual compensation of each eligible employee this year.

At June 30, 2020, all eligible employees of the School were included in the Plan. The School made all required contributions. For the year ended June 30, 2020, the pension cost was $182,044, with participants contributing $386,920.

2. Deferred Inflows of Resources

The balance in deferred inflows of resources at year-end is composed of the following:

Description		Unearned Revenue
Interest Rate Swap	$	2,071,035
	$	2,071,035

3. Risk Management

The School is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School maintains general liability and errors and omissions insurance coverage of $1 million per occurrence with a commercial carrier. In addition, the School also maintains an umbrella policy in the amount of $10 million per occurrence.

II. **Detail Notes on All Funds** - *Continued*

The School carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage during the year, and claims have not exceeded coverage during the past three fiscal years.

In accordance with G.S. 115C-442, the School's employees who have custody of the School's monies at any given time are performance bonded through a commercial fidelity bond. The Headmaster and Chief Financial Officer are bonded for $1,000,000.

The School does not carry coverage for loss due to flood damage.

4. Long-term Obligations

a. Operating Leases

The School leases educational facilities under a lease agreement from the Foundation. The lease expires in December 2034 and requires the School to pay maintenance, insurance and other expenses. The School prepaid the lease using long-term debt proceeds. Lease expense in the amount of $891,967 for the year ended June 30, 2020 was charged to the governmental function of system-wide support services. Accordingly, the Foundation recorded the prepaid rent as a long-term liability and will recognize rental income in the year which it is earned. The Foundation's rental income for the year ended June 30, 2020 was $891,967.

On May 18, 2017, the above referenced lease agreement was amended to include additional rent of educational facilities and to extend the lease period through December 1, 2042. Rent expense for the additional educational facilities will be $20,000,000 through the expiration of the lease. In conjunction with the lease amendment the School entered into a financing agreement, as described in Note II.B.4.b, to prepay the rent as balances become due on the construction of the educational facilities. Amortization of rent expense for the facilities will commence upon receipt of the certificate of occupancy.

As of June 30, 2020, the School's prepaid rent under the lease agreement and lease amendment was $19,994,936. This amount is presented as prepaid rent on the statement of net position and the School will record rent expense based on the amortization schedule. The prepaid rent received by the Foundation is recorded as a liability on the statement of net position and the Foundation will recognize revenue using the following amortization schedule.

The future prepaid lease will be expensed by the School and recognized as revenue to the Foundation, as follows:

June 30, 2021	$ 891,967
June 30, 2022	891,967
June 30, 2023	891,967
June 30, 2024	891,967
June 30,2025	891,967
July 1, 2025 – June 30, 2030	4,459,837
July 1, 2030 – June 30, 2035	4,459,837
July 1, 2035 – June 30, 2040	4,459,837
July 1, 2040 – December 1, 2042	2,155,590
	$ 19,994,936

II. **Detail Notes on All Funds** - *Continued*

In addition, the School leases various equipment under non-cancelable operating leases through March 2024. Total equipment lease expense for the year ended June 30, 2020 was $58,510.

The following is a schedule of future minimum lease payments:

June 30, 2021	$	67,534
June 30, 2022		65,998
June 30, 2023		65,998
June 30, 2024		49,499
	$	249,029

b. Revenue Bonds

Effective May 18, 2017, the Public Finance Authority issued the $20,000,000 Educational Facilities Revenue Bond (Union Academy Project) Series 2017 (the "Bond") to provide funds to refund the Educational Facilities Revenue Bond (Union Academy Project) Series 2010, finance the prepayment of a facility lease between the School and Foundation, and to pay certain expenses incurred in connection with the issuance of the Bond. The proceeds received by the Foundation for payment of the lease are used to fund the construction of educational facilities. The Foundation is contingently liable as a guarantor of the revenue bond. Also, effective May 18, 2017, the Public Finance Authority sold the Bond to Branch Banking and Trust Company (now Truist Bank) where it effectively functions as a commercial loan.

The proceeds were used to finance the acquisitions, construction, and equipping of the following:

i. 34,500 square foot expansion of an existing building to expand the multipurpose room and add additional classrooms

ii. 68,703 square foot lower school building for classroom and administrative offices

iii. 40,360 square foot building to house a competition gym, field house and fine arts room.

Interest is based on 68% of One-Month LIBOR plus 1.40% per annum. The interest rate at June 30, 2020 was 1.86%.

Revenue bond outstanding at year end was as follows:

Educational Facilities Revenue Bond (Union Academy Project), Series 2017, principal due monthly in amounts commencing in June 2020 ranging from $51,247 to $98,670 through May 2042. Interest is due monthly.	$ 19,332,123

II. **Detail Notes on All Funds** - *Continued*

The future payments of the revenue bonds for the years ending June 30 are as follows:

Year Ending June 30	Variable Rate Bonds Principal	Interest	Total
2021	$ 636,540	$ 348,048	$ 984,588
2022	655,547	335,844	991,391
2023	674,543	323,286	997,829
2024	693,790	310,370	1,004,160
2025	715,714	297,046	1,012,760
2026-2030	3,911,633	1,271,100	5,182,733
2031-2035	4,538,129	872,695	5,410,824
2036-2040	5,269,130	410,282	5,679,412
2041-2042	2,237,097	20,203	2,257,300
	$ 19,332,123	$ 4,188,874	$ 23,520,997

c. Changes in General Long-Term Obligations

The following is a summary of the changes in the School's general long-term obligations for the year ended June 30, 2020:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
Governmental activities:					
Revenue Bonds	$ 19,948,753	$ -	$ 616,630	$ 19,332,123	$ 636,540

d. Interest Rate Swap/Derivative Instrument

The School follows accounting guidance for derivative instruments. All derivatives are to be reported on the statement of net position at fair value, and depending on whether a derivative is deemed a hedge or an investment instrument, the changes in fair value are either reported on the statement of net position as a deferral, or in the statement of activities as investment revenue or loss.

On November 13, 2017 the School has entered into an interest rate swap agreement 2017 in connection with the revenue bond issuance of $20,000,000. This mechanism is intended to be a partial cash flow hedge against changing interest rates of the School's variable rate bonds. The agreement provides the School with a synthetic fixed interest rate on the bond. During the term of the agreement, the School expects to effectively pay a fixed rate on the debt while in return, the counterparty pays interest to the School based on an agreed upon variable rate. The interest rate swap is classified as an effective cash flow hedge, since the swap payments received substantially offset the payments made on the associated debt and changes in fair value are deferred.

Terms: The interest rate swap agreement matures on May 18, 2027 for a notional amount of $20,000,000, the face amount of the variable-rate bonds. The notional value of the swap is reduced by principal payments on the associated debt. The School receives a variable interest rate based on the 82.646% LIBOR Index, which at June 30, 2020 was .055%, plus 1.70% and pays a fixed rate of 3.755%. Conversely, the variable interest rate is based on the actual floating rate marketed weekly.

II. **Detail Notes on All Funds** - *Continued*

Fair Value: The mark-to-market valuation was established by market quotations obtained by the counterparty, representing estimates of the amounts that would be paid or received for replacement transactions. The swap had a fair value of ($2,071,035) at June 30, 2020 due to changes in interest rates since the execution of the swap. The School has reported the fair value on the government-wide statement of net assets as a governmental activities asset, offset by a deferred inflow of resources.

Credit Risk: The School is exposed to credit risk on the interest rate swap that has positive fair value (asset position). When interest rates decline and the fair value of the swaps are negative, the School is not exposed to credit risk. However, should interest rates change and the fair value of the swap become positive, the School would be exposed to credit risk in the amount of the interest rate swap's fair value. The swap counterparty was rated A and A1 by Standard & Poor and Moody's, respectively.

Basis Risk: Basis risk is the risk that the interest rate paid by the School on underlying variable rate bond to the bondholder temporarily differs from the variable swap rate received from the applicable counterparty. The School bears basis risk on its swap. The swap has basis risk since the School receives a percentage of LIBOR to offset the actual variable bond rate the School pays on its bond. The School is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the School pays on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

Termination Risk: The School or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. An additional termination event occurs if the counterparty's credit rating falls below investment grade. Termination risk is the risk that the associated variable rate debt no longer carries the synthetic fixed rate and if at the time of termination, a swap has a negative fair value, the School is liable to the counterparty for payment equal to the swap's fair value.

Rollover Risk: The School is exposed to rollover risk since the swap matures prior to the associated debt. When the swap terminates, the School will not realize the synthetic rate offered by the swap.

5. Claims and Judgments

At June 30, 2020, the School was a defendant to various lawsuits. In the opinion of management and the School's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the School's financial position.

C. Interfund Balance

Interfund balances at June 30, 2020, consisted of the following:

Governmental funds:	
Balance Sheet:	
Due from fiduciary fund	$ 63,000
Fiduciary fund:	
Balance Sheet:	
Due to general fund	$ 63,000

II. **Detail Notes on All Funds** - *Continued*

D. Fund Balance

The School has a revenue spending policy that provides a policy for programs with multiple revenue sources. The Chief Financial Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, School 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 Chief Financial Officer has the authority to deviate from this policy if it is in the best interest of the School.

The total unassigned General Fund balance of $6,451,102 is available for appropriation.

III. **Related Party Transactions**

The School pays the salaries for employees of the Foundation and the Foundation then reimburses the School. The total payroll, payroll taxes and benefits reimbursed to the School for the year ended June 30, 2020 was $143,443.

The School leases educational facilities under a lease agreement from the Foundation as described in Note II.B.4.a.

The Foundation made contributions to the School for the benefit of the School in the amount of $250,000 for the year ended June 30, 2020.

The School pays the salaries for the employees of the UA Pre-K and the UA Pre-K then reimburses the School to the extent they are able. If the UA Pre-K is unable to reimburse the full amount, the School increases the amount due from other governments for repayment at a later date. The total payroll, payroll taxes, and benefits reimbursed to the School for the year ended June 30, 2020 was $154,592. Of that, $19,066 was not reimbursed by the UA Pre-K but was recorded as due from other governments.

IV. **Summary Disclosure of Significant Contingencies**

Federal and State Assisted Programs

The School 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 monies 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 monies.

V. **Subsequent Events**

Management has evaluated subsequent events and transaction through October XX, 2020, the date of issuance of these financial statements for required recognition or disclosure.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (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

V. **Subsequent Events** - *Continued*

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 School's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation and its potential impact on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global resources to curb its spread, the School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

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REQUIRED SUPPLEMENTARY INFORMATION

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UNION ACADEMY

BUDGETARY COMPARISON SCHEDULE - ALL FUND TYPES

For the Fiscal Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance-Positive (Negative)
REVENUES:				
State of North Carolina	$ 10,620,000	$ 11,516,000	$ 11,637,699	$ 121,699
Boards of Education:				
Union County	4,056,000	4,132,000	4,312,509	180,509
Other Counties	145,000	145,000	164,286	19,286
U.S. Government	200,000	200,000	248,858	48,858
Fines and forfeitures			-	-
Donations			-	-
Others	227,300	427,600	1,245,717	818,117
Total revenues	15,248,300	16,420,600	17,609,069	1,188,469
EXPENDITURES:				
Instructional services:				
Regular instructional	8,491,500	9,132,480	8,996,457	136,023
Special populations	943,500	1,014,720	999,606	15,114
Total instructional services	9,435,000	10,147,200	9,996,063	151,137
System-wide support services:				
Pupil services	-	-	-	-
Support and development	2,192,996	2,240,992	2,015,540	225,452
Operational support	2,024,304	2,068,608	1,860,499	208,109
Total system-wide support services	4,217,300	4,309,600	3,876,039	433,561
Capital outlay	207,200	575,000	560,037	14,963
Debt service:				
Principal	625,000	625,000	616,630	8,370
Interest and other charges	763,800	763,800	747,006	16,794
Total debt service	1,388,800	1,388,800	1,363,636	25,164
Appropriated fund balance	-	-	-	-
Total expenditures	15,248,300	16,420,600	15,795,775	624,825
Excess of expenditures over revenues	-	-	1,813,294	1,813,294
Net change in fund balance	$ -	$ -	1,813,294	$ 1,813,294
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Capital Outlay			560,037	
Principal payments			616,630	
Amortization of prepaid rent			(891,967)	
Depreciation			(603,816)	
Loss on disposal			(21,954)	
Change in accrued interest			(1,058)	
			$ 1,471,166	

The accompanying notes are an integral part of this statement.

Union Academy
Note to Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

Note A. Explanation of differences between budgetary sources and uses of funds and GAAP revenues and expenditures for total governmental funds

Funding sources:	
Actual amounts (budgetary basis) "total revenues" from the budgetary comparison schedule - All Fund Types	$ 17,609,069
Adjustments	-
Total revenues for all funds on a GAAP basis of accounting	17,609,069
Reclassifications:	
The Academy reports sources of funds in the budget as revenues in nonmajor funds for GAAP reporting:	
Federal Grants Fund	(248,858)
Club and Activities Fund	-
Total revenues for general fund and major special revenue fund	$ 17,360,211
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances:	
General Fund	$ 5,722,512
State Public School Fund	11,637,699
Total revenues for general fund and major special revenue fund	$ 17,360,211
Uses:	
Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule - All Fund Types	$ 15,795,775
Adjustments	
Proceeds from debt service are not budgeted as they have no net cash effect on the School, however they are recognized for GAAP purposes:	-
Total expenditures for All Fund Types on a GAAP basis of accounting	15,795,775
Reclassifications:	
The Academy reports uses of funds in the budget as expenditures in other nonmajor funds for GAAP reporting:	
Federal Grants Fund	(248,858)
Club and Activities Fund	-
Total expenditures for general fund and major special revenue fund	$ 15,546,917
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances:	
General Fund	$ 3,909,218
State Public School Fund	11,637,699
Total expenditures for general fund and major special revenue fund	$ 15,546,917

STATISTICAL SECTION

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Statistical Section

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information say about Union Academy's overall financial health. The schedules included in this section can be categorized as follows:

Financial Trends Schedules

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

Revenue Capacity Schedules

These schedules contain information to help the reader assess one of the School's most significant local revenue sources. Information regarding Union County's property tax base have been included since the School received a significant amount from the County.

Debt Capacity Schedules

This schedule presents information to help the reader assess the School's current levels of outstanding debt and the School's ability to issue additional debt in the future. Data from Union County is not included in this section as charter school debt issuances are not reliant upon the county for funding.

Demographic and Economic Information Schedules

These schedule offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place.

Operating Information Schedules

These schedules contain service and infrastructure data to help the reader understand how the information in the School's financial report relates to the services the School provides and the activities it performs.

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports to the relevant year.

Union Academy
Net Position by Component
Last Ten Fiscal Years

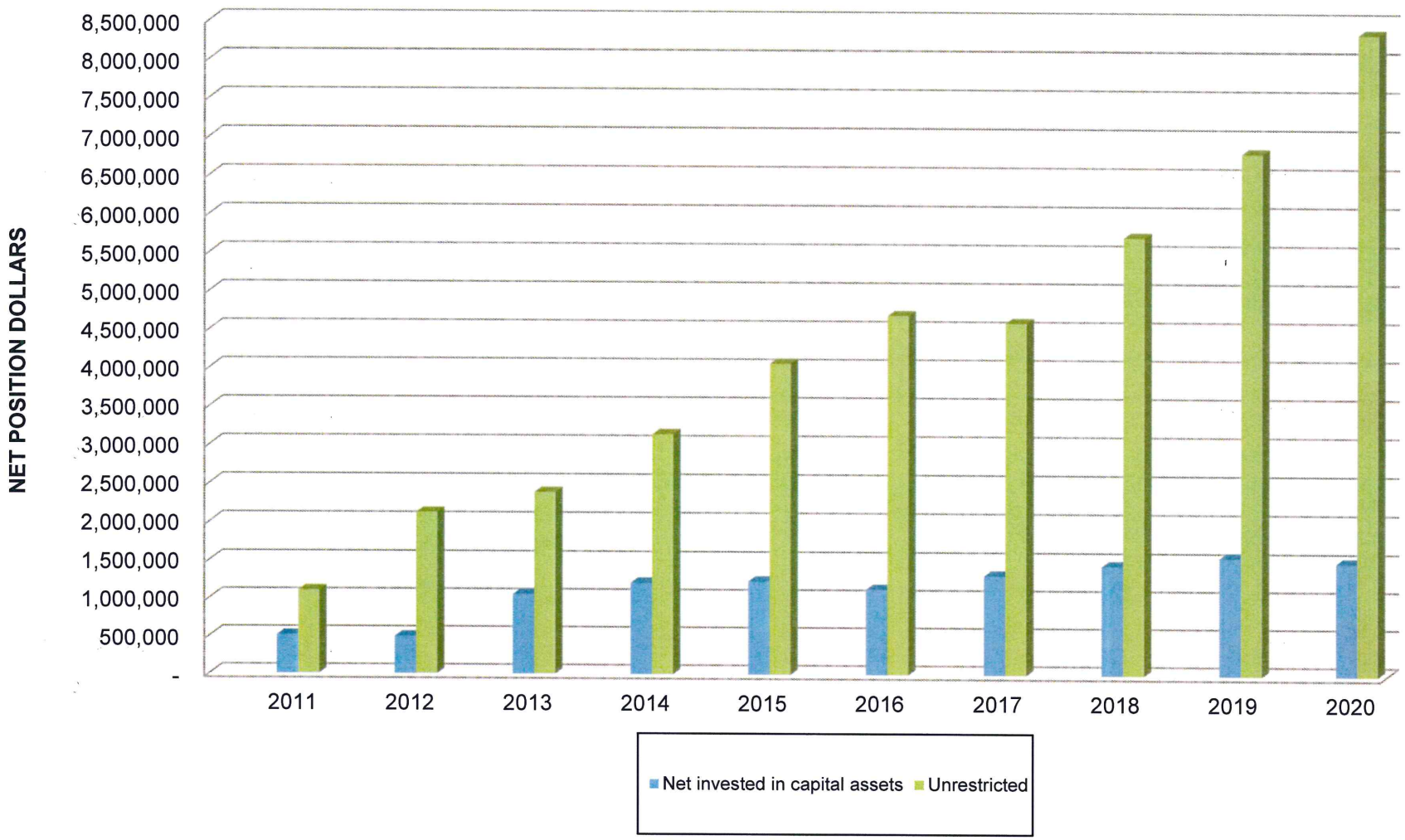
Table 1

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net invested in capital assets	$ 514,365	$ 496,292	$ 1,052,160	$ 1,212,449	$ 1,236,963	$ 1,133,946	$ 1,317,672	$ 1,451,495	$ 1,565,227	$ 1,499,494
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,103,172	2,122,404	2,386,430	3,144,587	4,067,677	4,698,870	4,605,347	5,724,235	6,816,793	8,353,692
	$ 1,617,537	$ 2,618,696	$ 3,438,590	$ 4,357,036	$ 5,304,640	$ 5,832,816	$ 5,923,019	$ 7,175,730	$ 8,382,020	$ 9,853,186

Note: Due to the implementation of GASB 65 for FY13, the School restated the impacted fiscal years of 2011-2013.

Union Academy
Net Position by Component (continued)
Last Ten Fiscal Years

Table 1



Union Academy
Changes in Net Position
Last Ten Fiscal Years

Table 2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental activities:										
Instructional services	$ 5,848,556	$ 5,746,923	$ 6,049,330	$ 6,261,759	$ 6,794,952	$ 7,188,955	$ 7,845,477	$ 8,858,906	$ 10,269,535	$ 10,445,981
Support services	3,011,755	2,397,183	2,489,934	2,724,870	3,376,248	3,770,877	3,831,351	4,036,343	4,787,498	4,943,858
Non-programmed charges	-	-	-	-	-	-	182,113	-	-	-
Interest on long term debt	152,830	105,414	124,405	120,060	82,183	83,984	119,739	643,148	761,282	748,064
Total governmental activities	9,013,141	8,249,520	8,663,669	9,106,689	10,253,383	11,043,816	11,978,680	13,538,397	15,818,315	16,137,903
Program Revenues:										
Governmental activities:										
Charges for services:										
Extended field trip fees	$ 212,652	$ 179,385	$ 169,949	$ 147,592	$ 178,670	$ 184,819	$ 226,930	$ 258,334	$ 248,858	$ 218,049
Daily field trip fees	75,774	81,245	60,571	78,659	128,921	162,942	173,373	223,359	256,222	194,239
After school care	47,466	59,497	58,057	53,960	63,597	68,730	52,230	95,111	50,867	16,001
Other	55,517	78,067	116,049	101,721	136,649	165,113	184,603	176,012	212,798	138,969
Operating grants and contributions	497,510	405,003	210,602	203,201	155,193	166,930	220,303	235,162	219,836	248,858
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	888,919	803,197	615,228	585,133	663,030	748,534	857,439	987,978	988,581	816,116
Net (Expense) Revenue										
Governmental activities	$ (8,124,222)	$ (7,446,323)	$ (8,048,441)	$ (8,521,556)	$ (9,590,353)	$ (10,295,282)	$ (11,121,241)	$ (12,550,419)	$ (14,829,734)	$ (15,321,787)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Unrestricted county appropriations-operating	$ 2,181,457	$ 2,315,572	$ 2,551,128	$ 2,559,074	$ 2,818,115	$ 2,953,216	$ 3,086,651	$ 3,731,803	$ 4,214,116	$ 4,476,795
Unrestricted State appropriations-operating	4,959,102	5,714,055	5,919,876	6,379,767	7,254,310	7,417,986	7,636,753	9,174,670	10,952,917	11,637,699
Unrestricted Federal appropriations-operating	-	-	-	-	-	-	-	-	-	-
Donations - general	105,383	107,667	129,915	202,783	115,088	149,894	159,197	37,243	26,960	24,640
Miscellaneous, unrestricted	335,537	310,188	267,416	298,378	350,444	302,362	328,843	859,414	842,031	653,819
Total governmental activities	7,581,479	8,447,482	8,868,335	9,440,002	10,537,957	10,823,458	11,211,444	13,803,130	16,036,024	16,792,953
Total government-wide	$ 7,581,479	$ 8,447,482	$ 8,868,335	$ 9,440,002	$ 10,537,957	$ 10,823,458	$ 11,211,444	$ 13,803,130	$ 16,036,024	$ 16,792,953
Change in Net Position										
Governmental activities	$ (542,743)	$ 1,001,159	$ 819,894	$ 918,446	$ 947,604	$ 528,176	$ 90,203	$ 1,252,711	$ 1,206,290	$ 1,471,166

Note: Due to the implementation of GASB 65 for FY13, the School restated the impacted fiscal years of 2011-2013.

Union Academy
Governmental Funds
Fund Balances
Last Ten Fiscal Years

Table 3

Year Ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Nonspendable	$ 15,642	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Committed	-	-	-	818,806	816,290	870,038	965,171	1,063,451	1,500,329	1,263,662
Restricted	-	-	-	-	-	-	14,717,768	4,091,312	-	-
Assigned	-	-	-	-	-	-	-	-	216,606	202,649
Unassigned	2,242,974	3,186,487	3,444,356	1,192,124	2,176,181	2,814,471	1,069,878	2,297,994	4,184,535	6,248,453
Total general fund	$ 2,258,616	$ 3,186,487	$ 3,444,356	$ 2,010,930	$ 2,992,471	$ 3,684,509	$ 16,752,817	$ 7,452,757	$ 5,901,470	$ 7,714,764
All other governmental funds										
Assigned										
Club and Activities	$ 122,503	$ 156,246	$ 98,282	$ 89,870	$ 105,691	$ 109,390	$ 84,261	$ 178,222	$ -	$ -
Total all other governmental funds	$ 122,503	$ 156,246	$ 98,282	$ 89,870	$ 105,691	$ 109,390	$ 84,261	$ 178,222	$ -	$ -

Note: Due to the implementation of GASB 54 for FY11, the School restated fund balance information for all other fiscal years presented above.

Table 3

Union Academy
Governmental Funds
Fund Balances (continued)
Last Ten Fiscal Years

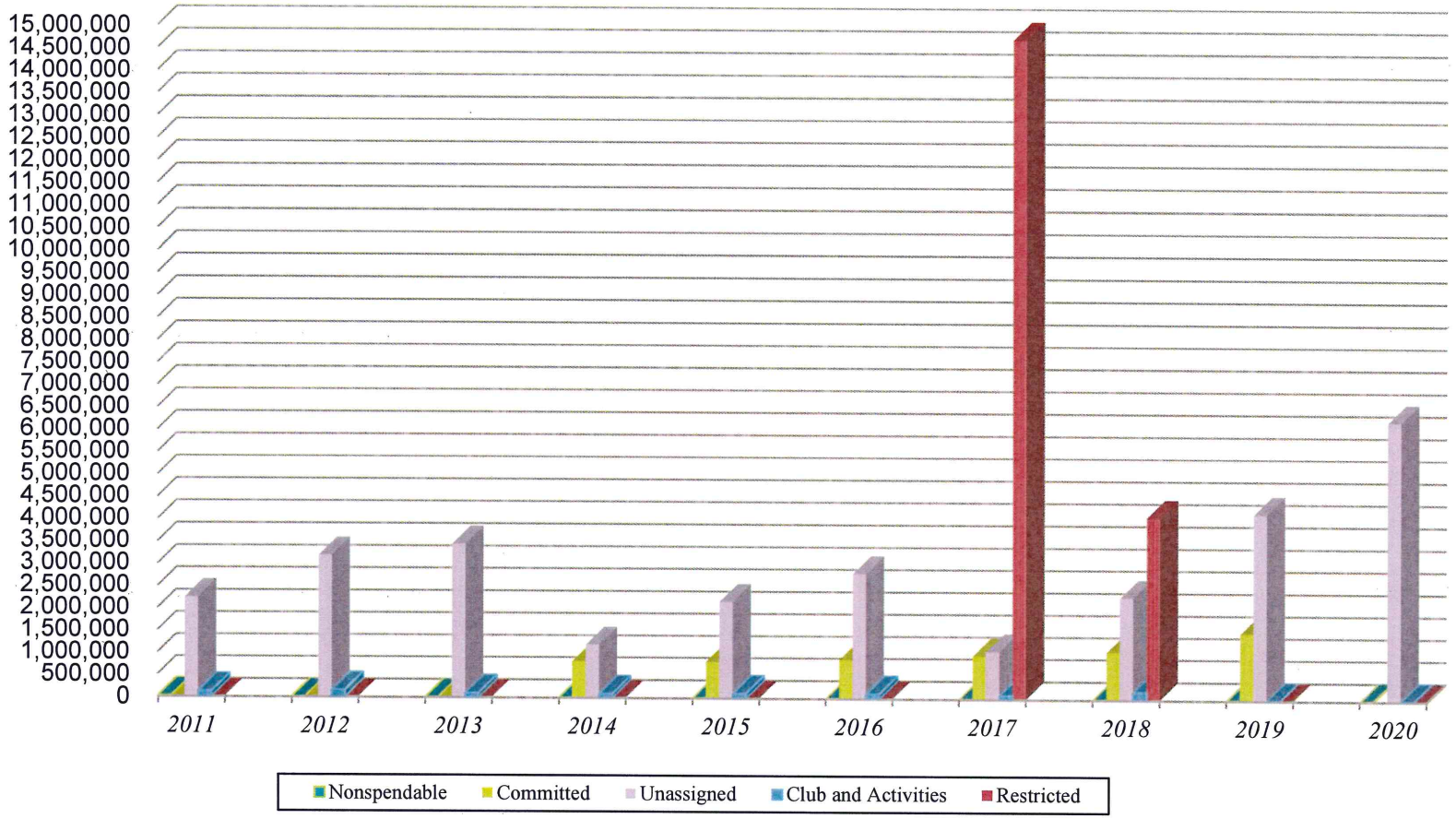


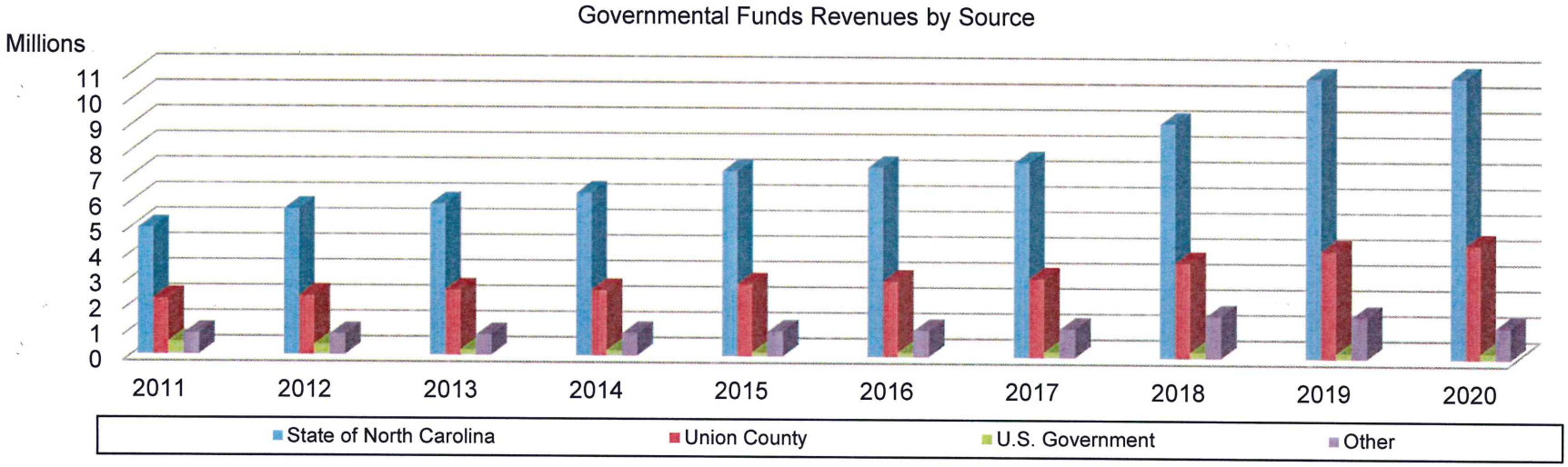
Table 4

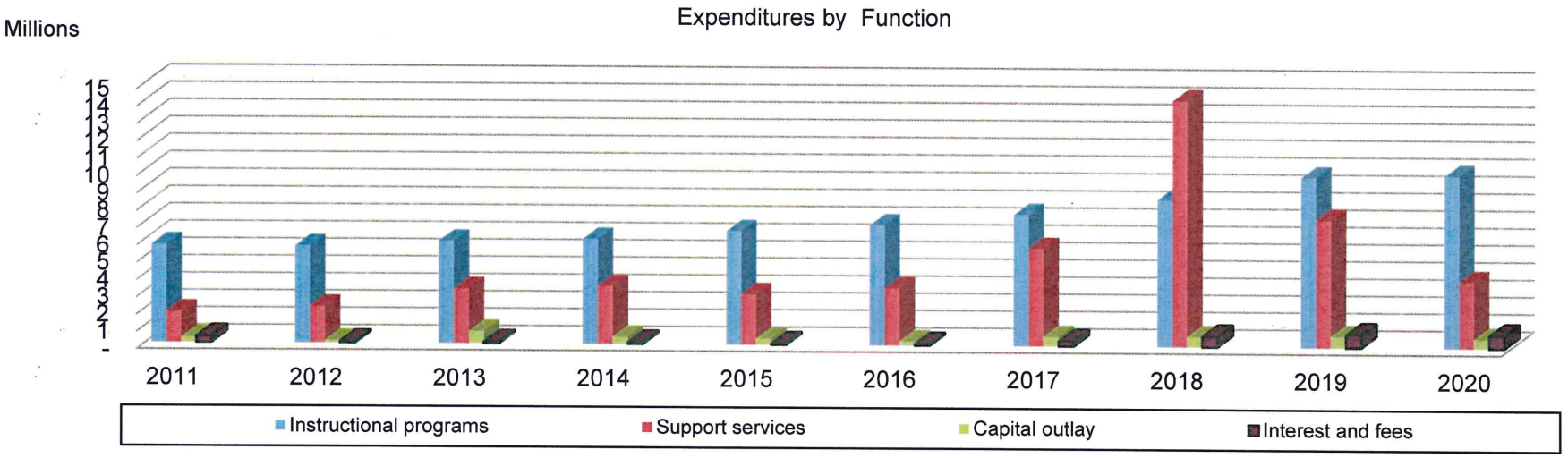
Union Academy
Governmental Funds
Changes in Fund Balance
Last Ten Fiscal Years

Year Ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
State of North Carolina	$ 4,959,102	$ 5,714,055	$ 5,919,876	$ 6,379,767	$ 7,254,310	$ 7,417,986	$ 7,636,753	$ 9,174,670	$ 10,952,917	$ 11,637,699
Union County	2,181,457	2,315,572	2,551,128	2,559,074	2,818,115	2,953,216	3,086,651	3,731,803	4,214,116	4,476,795
U.S. Government	497,510	405,003	210,602	203,201	155,193	166,931	220,303	235,162	219,836	248,858
Other	832,329	816,049	801,957	883,093	973,369	1,033,075	1,125,176	1,649,473	1,637,736	1,245,717
Total revenues	8,470,398	9,250,679	9,483,563	10,025,135	11,200,987	11,571,208	12,068,883	14,791,108	17,024,605	17,609,069
Expenditures										
Instructional programs	5,709,836	5,630,839	5,946,035	6,100,781	6,595,589	6,976,109	7,621,943	8,537,413	9,850,857	9,996,063
Support services	1,803,467	2,122,652	3,177,163	3,356,475	2,933,926	3,315,428	5,660,934	14,232,335	7,419,023	3,876,039
Capital outlay	303,980	152,267	717,811	424,803	351,806	250,101	559,342	603,677	671,705	560,037
Debt service							-	-	-	-
Principal	350,940	277,893	292,423	2,493,236	240,000	250,002	217,500	-	51,247	616,630
Interest and fees	382,044	105,414	116,378	125,526	82,304	83,831	300,976	623,782	761,282	747,006
Total Expenditures	8,550,267	8,289,065	10,249,810	12,500,821	10,203,625	10,875,471	14,360,695	23,997,207	18,754,114	15,795,775
Other financing sources										
Debt issuance proceeds	-	-	966,152	1,033,848	-	-	15,334,991	-	-	-
Net change in fund balance	$ (79,869)	$ 961,614	$ 199,905	$ (1,441,838)	$ 997,362	$ 695,737	$ 13,043,179	$ (9,206,099)	$ (1,729,509)	$ 1,813,294
Debt service as a percentage of non-capital expenditures	8.89%	4.71%	4.29%	21.69%	3.27%	3.14%	3.76%	2.67%	4.49%	8.95%

Union Academy
Governmental Funds
Changes in Fund Balances (continued)
Last Ten Fiscal Years

Table 4





Union Academy
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 5

Fiscal Year Ended June 30,	Governmental Activities		Total Primary Government	Percentage of Personal Income [1]	Per Capita
	Revenue Bond	Note Payable			
2011	6,012,501	423,562	6,436,063	0.09%	32
2012	5,812,503	345,667	6,158,170	0.08%	30
2013	5,600,007	265,740	5,865,747	0.07%	28
2014	5,372,511	-	5,372,511	0.06%	25
2015	5,132,511	-	5,132,511	0.05%	24
2016	4,882,509	-	4,882,509	0.05%	22
2017	20,000,000	-	20,000,000	0.02%	89
2018	20,000,000	-	20,000,000	n/a	86
2019	19,948,753	-	19,948,753	n/a	84
2020	19,332,123	-	19,332,123	n/a	81

n/a = Not available

Note: Details regarding the School's debt can be found in the notes to the basic financial statements.
1. Personal Income shown on Table 16; however 2018, 2019 and 2020 data not available.

Union Academy
Number of Personnel
Last Ten Fiscal Years

Table 6

Year Ended June 30,	Certified Personnel	Other Operating Personnel	Total	Final Average Daily Membership	Ratio of Pupils to Certified Personnel
2011	85	62	147	1,094	12.9
2012	80	59	139	1,187	14.8
2013	86	66	152	1,204	14.0
2014	92	73	165	1,296	14.1
2015	100	78	178	1,376	13.8
2016	99	83	182	1,372	13.9
2017	102	90	192	1,407	13.8
2018	108	107	215	1,692	15.7
2019	117	116	233	1,907	16.3
2020	116	109	225	1,953	16.8

Source: Union Academy Finance Office

Union Academy
School Personnel Summary
Last Ten Fiscal Years

Table 7

Activity Assignments Classification	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Officials, Administrators, Mgrs	3	1	1	1	1	1	1	1	1	1
Principals	1	1	1	1	1	1	1	1	1	1
Asssitant principal, teaching	0	0	0	0	0	0	0	0	0	0
Asssitant principal, non-teaching	4	4	3	3	3	3	3	4	4	4
Total-Administrators	8	6	5	5	5	5	5	6	6	6
Elementary Teachers	48	47	49	51	50	50	54	62	78	77
Secondary Teachers	19	19	23	23	28	29	29	29	30	30
Other Teachers	9	7	9	9	9	9	10	13	13	13
Total Teachers	76	73	81	83	87	88	93	104	121	120
Guidance	5	4	4	4	4	5	5	5	5	5
Psychological	-	-	-	-	-	-	-	-		
Librarian, Audiovisual	4	3	3	3	3	3	3	3	3	2
Consultant, Supervisor	-	-	-	-	-	-	-	-		
Other Professionals	6	8	10	12	15	16	18	16	18	16
Total Professionals	99	94	103	107	114	117	124	134	153	149
Teacher Assistants	22	20	17	22	27	28	28	38	44	44
Technicians	3	2	4	4	5	5	3	6	4	3
Clerical, Secretarial	16	17	15	17	19	19	21	22	18	15
Service Workers	6	5	13	15	13	13	16	15	14	14
Skilled Crafts	-	-	-	-	-	-	-	-	-	-
Laborers, Unskilled	1	1	0	0	0	0	0	0	0	0
Total	147	139	152	165	178	182	192	215	233	225

Source: Union Academy Finance Office

Union Academy
Operational Expenditures Per Pupil
Expenditures by Function
Last Ten Fiscal Years

Table 8

EXPRESSED IN NOMINAL DOLLARS

Year Ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Average Daily Membership	1,094	1,187	1,204	1,296	1,376	1,372	1,407	1,692	1,907	1,953
Instructional										
Instructional Salaries	3,462	3,117	3,283	3,144	3,405	3,697	3,827	3,606	3,645	3,778
Textbooks, Instructional Supplies &	-	-	-	-	-	-	-	-	-	-
Equipment	159	166	141	169	139	177	148	110	147	129
Staff Development	27	22	25	26	35	74	64	44	51	55
Benefits	938	856	904	924	1,040	1,026	1,140	1,028	995	1,022
Testing/Contracted EC & Other	48	31	42	27	77	90	100	88	56	58
Contracted Financial and Auditing	-	-	-	-	-	-	-	-	-	-
Services	65	59	58	22	19	35	16	19	27	40
Facilities	634	592	634	449	429	418	522	716	1,652	776
Principal Payments on Debt	321	234	243	1,924	174	182	155	-	27	316
Admin and Office Wages and Salaries	1,163	1,117	1,276	1,258	1,225	1,322	1,451	1,270	1,119	1,003
Insurance (non-medical)	35	36	29	33	35	33	32	31	31	37
Admin Office Supplies, Furniture &	-	-	-	-	-	-	-	-	-	-
Equipment	48	48	48	56	73	96	81	66	54	29
Transportation	70	41	104	112	41	77	74	83	47	37
Activities & Special Programs & Other	15	12	15	16	9	24	31	26	23	18
Computer & Copier Services	133	130	82	105	86	118	118	114	116	12
Nonprogram Charges	261	136	463	266	253	180	426	367	372	445
Total Expenditures [1]	$ 7,379	$ 6,597	$ 7,347	$ 8,531	$ 7,040	$ 7,549	$ 8,185	$ 7,568	$ 8,362	$ 7,755

Union Academy
Operational Expenditures Per Pupil
Expenditures by Function (continued)
Last Ten Fiscal Years

EXPRESSED IN CONSTANT DOLLARS

Year Ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instructional Salaries	$ 1,453	$ 1,306	$ 1,362	$ 1,284	$ 1,351	$ 1,443	$ 1,485	$ 1,399	$ 1,414	$ 1,465
Textbooks, Instructional Supplies & Equipment	67	70	58	69	55	69	57	43	57	50
Staff Development	11	9	10	11	14	29	25	17	20	21
Benefits	394	359	375	377	413	401	442	399	386	396
Testing/Contracted EC & Other	20	13	17	11	31	35	39	34	22	22
Contracted Financial and Auditing Services	27	25	24	9	8	14	6	7	10	16
Facilities	266	248	263	183	170	163	202	278	641	301
Principal Payments on Debt	135	98	101	785	69	71	60	-	10	123
Admin and Office Wages and Salaries	488	468	529	514	486	516	563	493	434	389
Insurance (non-medical)	15	15	12	13	14	13	12	12	12	14
Admin Office Supplies, Furniture & Equipment	20	20	20	23	29	37	31	26	21	11
Transportation	29	17	43	46	16	30	29	32	18	14
Activities & Special Programs & Other	6	5	6	7	4	9	12	10	9	7
Computer & Copier Services	56	54	34	43	34	46	46	44	45	5
Nonprogram Charges	110	57	192	109	100	70	165	142	144	173
Total Expenditures [1]	$ 3,097	$ 2,764	$ 3,046	$ 3,484	$ 2,794	$ 2,946	$ 3,174	$ 2,936	$ 3,243	$ 3,007

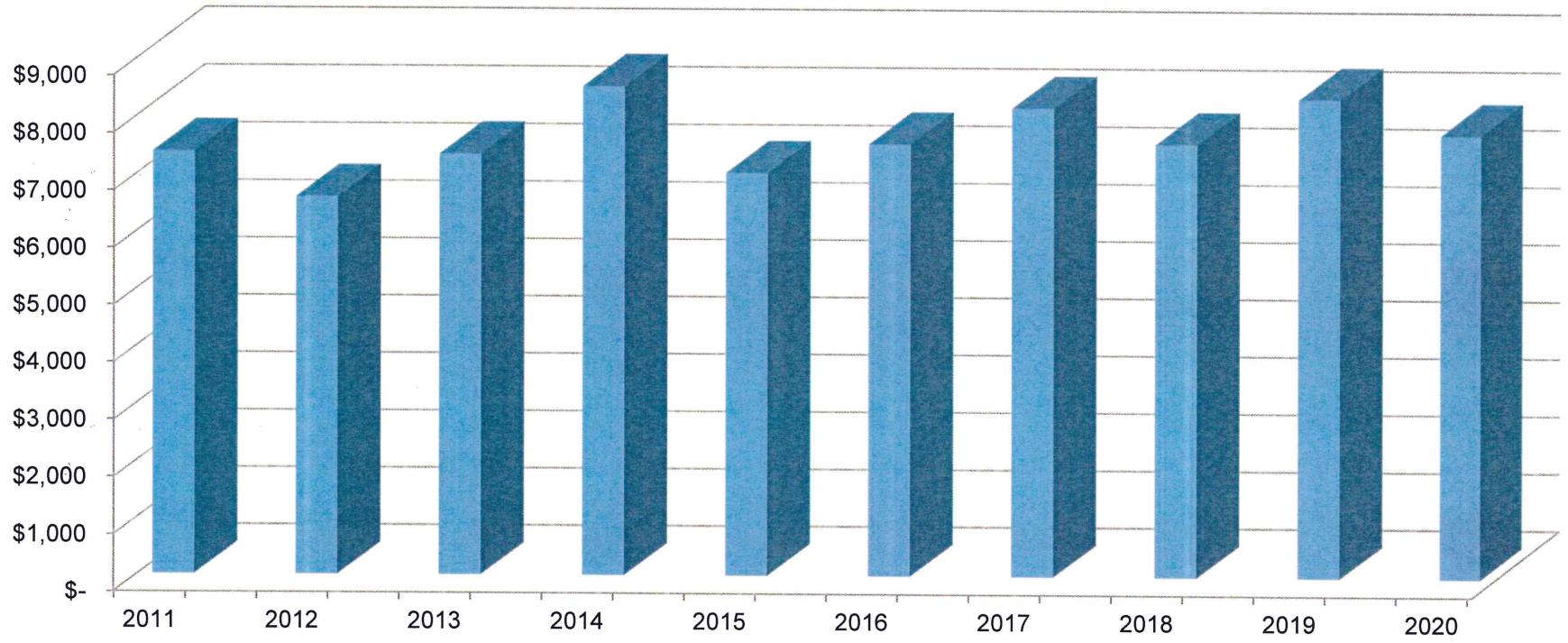
Notes:

1 - The above operational expenditures per pupil include the General, State Public School and Federal Grants Funds.

Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984=100).

Union Academy
Operational Expenditures Per Pupil
Expenditures by Function (continued)
Last Ten Fiscal Years

Table 8



Union Academy
Average Daily Membership
By School
Last Ten Fiscal Years

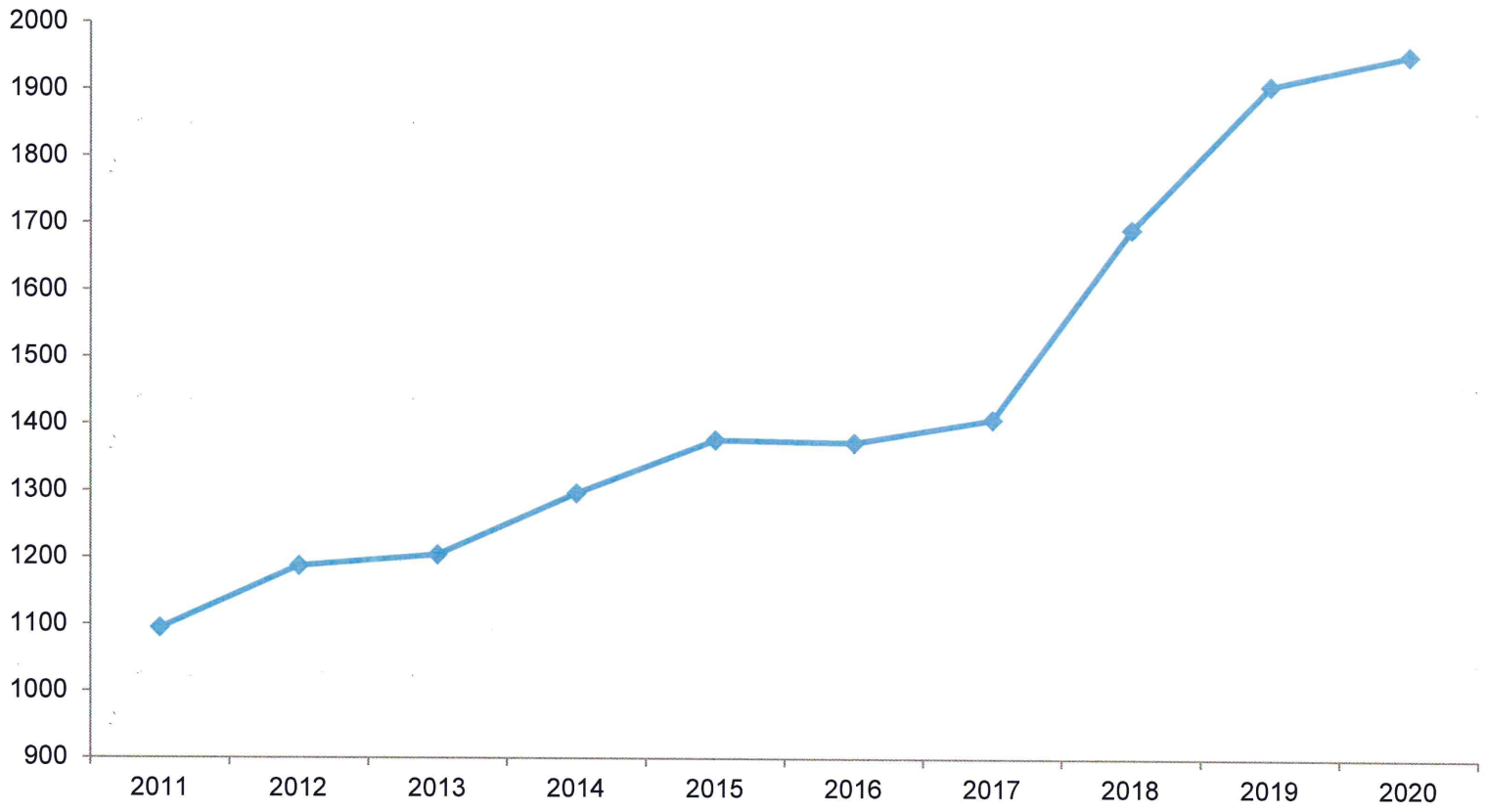
Table 9

	Year Ended June 30									
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Elementary Schools										
Lower School (Grades K-4) [1]	403	443	438	442	462	461	461	681	805	804
Middle School										
Grades 5 - 8	390	385	389	453	454	468	477	522	612	658
High School										
Grades 9 - 12	301	359	377	401	460	443	469	489	490	491
Total Average Daily Membership	**1,094**	**1,187**	**1,204**	**1,296**	**1,376**	**1,372**	**1,407**	**1,692**	**1,907**	**1,953**

Source: North Carolina Statistical Profile, North Carolina Department of Public Instruction
1. Lower School grades 3-4 moved to Upper Campus location 7/1/18

Union Academy
Average Daily Membership (ADM) (continued)
Last Ten Fiscal Years

Table 9



Year Ended June 30,	Total ADM
2011	1,094
2012	1,187
2013	1,204
2014	1,296
2015	1,376

Year Ended June 30,	Total ADM
2016	1,372
2017	1,407
2018	1,692
2019	1,907
2020	1,953

Union Academy
School Building Data
June 30, 2020

Table 10

Site	Square Footage	Capacity	Percentage of Capacity Used	Building	Age (years)
Lower Campus [1]	11,280	230	N/A [3]	Media/Classrooms	90
	2,952	60	N/A [3]	Cafeteria	58
	7,437	152	N/A [3]	Adminstration/Classrooms	54
	7,224	468	N/A [3]	Gymnasium/Music	46
Upper Campus [2]	37,920	673	96.88%	Middle School Classrooms	16
	14,500	1,570	N/A [4]	Middle School Gymnasium	15
	36,140	617	84.12%	Media Center/High School Classrooms	13
	19,600	400	N/A [4]	Middle School Gym/Classrooms	7
	5,544	396	N/A [5]	Multi Purpose Room Expansion	3
	28,956	591	87.99%	High School Classroom Additions	3
	68,703	952	94.22%	Admin & Lower School "L" Building	2
	32,035		N/A [4]	Competition Gym and Field House	2
	8,325	170	N/A [6]	Fine Arts Classrooms	2

Note: 1. The Union County Board of Education granted the Lower Campus property to Union Academy via a Special Warranty Deed with Reverter clause on December 20, 2004. Should Union Academy cease to occupy the property or if the charter is terminated or not renewed, it shall revert to the Union County Board of Education.

2. The Upper Campus is leased from Union Academy Foundation.

3. Primary use for Lower Campus as of July 1, 2018 is a professional development and testing site on an intermittent basis. Capacity used varies daily.

4. Gymnasium percentage of capacity used varies widely depending whether being used for assemblies, ballgames or gym class.

5. Multi Purpose Room percentage of capacity used varies.

6. Percentage of capacity used varies depending on fine arts classes offered at various times throughout the day.

Source: Union Academy Finance Office

UNION COUNTY, NORTH CAROLINA
General Governmental Revenues by Source
Last Ten Fiscal Years

EXPRESSED IN NOMINAL DOLLARS

	Year Ended June 30				
	2011	**2012**	**2013**	**2014**	**2015**
Ad Valorem Taxes	$ 159,650,925	$ 160,909,290	$ 162,147,454	$ 169,710,100	$ 194,255,775
Local Option Sales Tax	23,944,051	26,373,178	27,595,031	30,284,689	33,023,307
Other Taxes and Licenses	2,813,162	2,746,674	3,068,956	3,492,149	3,201,693
Intergovernmental Revenues	30,829,071	31,053,330	31,130,202	29,679,942	31,928,468
Permits and Fees	4,371,446	5,099,529	6,098,103	6,982,279	6,783,000
Sales and Services	5,083,297	5,281,772	4,398,686	4,911,808	5,182,376
Investment Earnings	707,344	1,069,847	122,634	397,818	467,683
Miscellaneous	4,027,650	8,804,467	7,171,956	7,250,003	7,433,477
Extraordinary Item	-	54,000,000	-	-	-
Total Revenues	$ 231,426,946	$ 295,338,087	$ 241,733,022	$ 252,708,788	$ 282,275,779

	2016	**2017**	**2018**	**2019**	**2020**
Ad Valorem Taxes	$ 192,395,861	$ 195,274,372	$ 205,544,367	$ 200,033,303	$ 205,018,769
Local Option Sales Tax	37,420,598	42,828,128	44,074,996	47,069,786	50,242,063
Other Taxes	3,136,056	3,652,751	3,789,364	3,973,402	3,954,408
Intergovernmental Revenues	33,831,925	36,527,796	34,516,783	36,880,791	38,003,442
Permits and Fees	7,472,415	7,227,386	7,862,126	7,372,469	8,596,860
Sales and Services	5,173,794	4,599,967	5,914,930	6,546,595	5,749,023
Investment Earnings	867,318	451,706	1,824,378	4,764,823	4,609,079
Miscellaneous	7,145,607	7,583,456	7,377,686	13,543,304	8,182,913
Extraordinary Item	-	-	-	-	-
Total Revenues	$ 287,443,574	$ 298,145,562	$ 310,904,630	$ 320,184,473	$ 324,356,557

Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984=100).

Source: Union County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2020.

UNION COUNTY, NORTH CAROLINA
General Governmental Revenues by Source (continued)
Last Ten Fiscal Years

EXPRESSED IN CONSTANT DOLLARS

	Year Ended June 30				
	2011	2012	2013	2014	2015
Ad Valorem Taxes	$ 70,729,005	$ 70,119,702	$ 69,440,975	$ 71,204,147	$ 81,401,862
Local Option Sales Tax	10,607,761	11,492,683	11,817,798	12,706,347	13,838,243
Other Taxes	1,246,295	1,196,923	1,314,306	1,465,178	1,341,653
Intergovernmental Revenues	13,657,982	13,532,160	13,331,764	12,452,617	13,379,457
Permits and Fees	1,936,650	2,222,230	2,611,563	2,929,509	2,842,381
Sales and Services	2,252,017	2,301,646	1,883,773	2,060,815	2,171,647
Investment Earnings	313,370	466,209	52,519	166,910	195,980
Miscellaneous	1,784,341	3,836,737	3,071,449	3,041,836	3,114,959
Extraordinary Item	-	23,531,668	-	-	-
Total Revenues	$ 102,527,421	$ 128,699,958	$ 103,524,147	$ 106,027,359	$ 118,286,182

	2016	2017	2018	2019	2020
Ad Valorem Taxes	$ 79,819,722	$ 79,718,467	$ 81,568,786	$ 78,094,386	$ 79,527,213
Local Option Sales Tax	15,524,771	17,484,080	17,490,841	18,376,370	19,489,002
Other Taxes	1,301,063	1,491,193	1,503,782	1,551,244	1,533,923
Intergovernmental Revenues	14,035,930	14,912,043	13,697,734	14,398,516	14,741,615
Permits and Fees	3,100,098	2,950,495	3,120,027	2,878,263	3,334,740
Sales and Services	2,146,464	1,877,882	2,347,297	2,555,836	2,230,058
Investment Earnings	359,826	184,404	723,991	1,860,220	1,787,871
Miscellaneous	2,964,515	3,095,857	2,927,781	5,287,400	3,174,169
Extraordinary Item	-	-	-	-	-
Total Revenues	$ 119,252,389	$ 121,714,421	$ 123,380,239	$ 125,002,235	$ 125,818,591

Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984=100).

Source: Union County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2020.

UNION COUNTY, NORTH CAROLINA
General Governmental Expenditures by Function
Last Ten Fiscal Years

EXPRESSED IN NOMINAL DOLLARS

	Year Ended June 30				
	2011	2012	2013	2014	2015
General Government	$ 11,487,049	$ 11,238,063	$ 11,493,384	$ 11,625,201	$ 11,254,881
Public Safety	35,812,639	39,997,069	39,134,681	43,980,663	48,720,595
Economic & Physical Development	3,534,815	2,734,165	2,158,639	2,383,306	2,565,477
Human Services	37,826,248	37,796,024	36,855,320	37,430,037	40,496,633
Culture and Recreational	5,554,470	5,788,887	5,791,576	6,006,214	6,278,455
Education	80,781,286	80,562,304	82,882,387	85,180,373	89,885,541
Debt Service:					
Principal	27,231,937	29,506,575	30,542,075	31,705,585	33,368,401
Interest and fiscal charges	23,561,225	22,861,021	21,236,696	15,643,292	14,968,596
Capital Outlay	13,941,595	5,643,198	11,208,917	7,058,571	22,134,201
Total Expenditures	$ 239,731,264	$ 236,127,306	$ 241,303,675	$ 241,013,242	$ 269,672,780

	2016	2017	2018	2019	2020
General Government	$ 12,344,165	$ 13,165,184	$ 13,515,849	$ 14,665,382	$ 18,002,109
Public Safety	52,681,383	57,008,242	62,734,029	67,937,224	71,873,105
Economic & Physical Development	2,629,698	2,813,512	3,322,030	4,534,087	4,601,843
Human Services	41,848,033	43,900,232	43,083,568	45,941,860	47,910,610
Culture and Recreational	6,579,913	6,888,443	7,597,933	8,027,154	7,332,683
Education	94,996,333	97,247,541	99,713,171	103,194,389	106,102,982
Debt Service:					
Principal	33,292,147	33,251,165	33,201,602	44,683,633	24,947,000
Interest and fiscal charges	14,522,294	12,607,982	12,355,204	12,511,719	14,048,665
Capital Outlay	23,343,138	39,935,681	34,284,713	59,785,746	69,294,756
Total Expenditures	$ 282,237,104	$ 306,817,982	$ 309,808,099	$ 361,281,194	$ 364,113,753

Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984=100).

Source: Union County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2020.

UNION COUNTY, NORTH CAROLINA
General Governmental Expenditures by Function (continued)
Last Ten Fiscal Years

EXPRESSED IN CONSTANT DOLLARS

	Year Ended June 30				
	2011	2012	2013	2014	2015
General Government	$ 5,089,025	$ 4,897,229	$ 4,922,136	$ 4,877,509	$ 4,716,299
Public Safety	15,865,817	17,429,588	16,759,748	18,452,677	20,416,109
Economic & Physical Development	1,566,004	1,191,472	924,455	999,948	1,075,050
Human Services	16,757,892	16,470,435	15,783,593	15,704,274	16,969,901
Culture and Recreational	2,460,757	2,522,633	2,480,290	2,519,988	2,630,954
Education	35,787,954	35,106,766	35,495,061	35,738,567	37,666,064
Debt Service:					
Principal	12,064,370	12,858,128	13,079,894	13,302,503	13,982,853
Interest and fiscal charges	10,438,161	9,962,184	9,094,789	6,563,353	6,272,512
Capital Outlay	6,176,445	2,459,146	4,800,310	2,961,518	9,275,221
Total Expenditures	$ 106,206,425	$ 102,897,581	$ 103,340,276	$ 101,120,337	$ 113,004,963

	2016	2017	2018	2019	2020
General Government	$ 5,121,253	$ 5,374,532	$ 5,363,666	$ 5,725,467	$ 6,983,056
Public Safety	21,856,049	23,272,945	24,895,543	26,523,162	27,879,729
Economic & Physical Development	1,090,989	1,148,583	1,318,323	1,770,139	1,785,065
Human Services	17,361,592	17,921,754	17,097,400	17,936,020	18,584,627
Culture and Recreational	2,729,824	2,812,126	3,015,184	3,133,856	2,844,363
Education	39,411,351	39,700,166	39,570,446	40,287,804	41,157,570
Debt Service:					-
Principal	13,811,991	13,574,397	13,175,814	17,444,800	9,676,994
Interest and fiscal charges	6,024,898	5,147,060	4,903,073	4,884,662	5,449,507
Capital Outlay	9,684,422	16,303,272	13,605,639	23,340,769	26,879,582
Total Expenditures	$ 117,092,369	$ 125,254,835	$ 122,945,088	$ 141,046,679	$ 141,240,493

Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984=100).

Source: Union County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2020.

UNION COUNTY, NORTH CAROLINA
Property Tax Levies and Current Collections
Last Ten Fiscal Years

Table 13

EXPRESSED IN NOMINAL DOLLARS

FISCAL YEAR ENDED June 30,	TOTAL TAX LEVY	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT COLLECTED	PERCENTAGE OF LEVY		AMOUNT COLLECTED	PERCENTAGE OF LEVY
2011	153,958,954	150,315,372	97.6%	3,080,702	153,396,074	99.6%
2012	155,268,603	152,028,139	97.9%	2,728,183	154,756,322	99.7%
2013	156,181,568	153,431,297	98.2%	2,149,481	155,580,778	99.6%
2014	162,787,247	160,654,217	98.7%	1,055,880	161,710,097	99.3%
2015	187,119,188	186,043,063	99.4%	273,396	186,316,459	99.6%
2016	184,680,886	184,123,235	99.7%	481,373	184,604,608	100.0%
2017	188,432,411	187,912,101	99.7%	285,561	188,197,662	99.9%
2018	198,297,575	197,993,083	99.8%	312,102	198,305,185	100.0%
2019	192,056,954	191,557,613	99.7%	104,696	191,662,309	99.8%
2020	197,546,817	196,786,125	99.6%	16,336	196,802,461	99.6%

EXPRESSED IN CONSTANT DOLLARS

FISCAL YEAR ENDED June 30,	TOTAL TAX LEVY	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT COLLECTED	PERCENTAGE OF LEVY		AMOUNT COLLECTED	PERCENTAGE OF LEVY
2011	68,207,332	66,593,142	97.6%	1,364,821	67,957,963	99.6%
2012	67,661,651	66,249,549	97.9%	1,188,865	67,438,413	99.7%
2013	66,886,035	65,708,209	98.2%	920,533	66,628,742	99.6%
2014	68,299,571	67,404,630	98.7%	443,009	67,847,638	99.3%
2015	78,411,313	77,960,368	99.4%	114,565	78,074,933	99.6%
2016	76,618,992	76,387,638	99.7%	199,708	76,587,346	100.0%
2017	76,925,317	76,712,907	99.7%	116,577	76,829,484	99.9%
2018	78,692,949	78,572,113	99.8%	123,855	78,695,969	100.0%
2019	74,980,364	74,785,418	99.7%	40,874	74,826,292	99.8%
2020	76,628,827	76,333,753	99.6%	6,337	76,340,090	99.6%

Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984=100).

Source: Union County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2020.

UNION COUNTY, NORTH CAROLINA
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	June 30, 2020 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	June 30, 2011 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Allegheny Technologies	Manufacturing	$ 154,647,975	1	0.57%	$ 316,413,338	1	1.37%
Union Electric Membership Corp	Utility	122,817,379	2	0.45%	109,496,250	3	0.47%
Duke Power Company	Utility	100,295,486	3	0.37%	69,744,395	5	0.30%
Charlotte Pipe & Foundry Co	Manufacturing	98,414,133	4	0.36%	111,122,130	2	0.48%
Piedmont Natural Gas	Utility	54,952,711	5	0.20%	64,836,108	6	0.28%
AMH, NC Properties LP	Developer	52,764,900	6	0.19%	-		-
Consolidated Metco Inc.	Manufacturing	48,902,520	7	0.18%	-		-
William H Reule Sr Revocable Trust	Developer	44,840,600	8	0.17%	-		-
ATI Powder Metals LLC	Manufacturing	43,389,541	9	0.16%	-		-
Greiner Bio-One North America	Manufacturing	41,734,246	10	0.15%	-		-
Atlas Union SPE LLC	Banking	-		-	90,690,530	4	0.39%
Sandler at Kensington LLC	Home Builder	-		-	46,556,230	7	0.20%
Pace/Dowd Properties LTD	Home Builder	-		-	38,860,705	8	0.17%
Walmart Real Estate Trust	Retail	-		-	35,926,610	9	0.16%
AEP Industries	Manufacturer	-		-	34,647,040	10	0.15%
Total assessed valuation top 10 taxpayers		$ 762,759,491		2.80%	$ 918,293,336		3.97%
Total county-wide assessed valuation		$ 27,064,764,098			$ 23,131,707,907		

Source: Union County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2020.

UNION COUNTY, NORTH CAROLINA
Property Tax Rates - All Overlapping Governments
(PER $100 OF ASSESSED VALUE)
Last Ten Fiscal Years

Table 15

	Year Ended June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
UNION COUNTY										
County-wide rate	0.6650	0.6650	0.6600	0.6600	0.7614	0.7765	0.7665	0.7810	0.7309	0.7309
SUPPLEMENTAL SCHOOL DISTRICTS										
(Approved by the Voters)										
Monroe Schools District	-	-	-	-	-	-	-	-	-	-
County Schools District	-	-	-	-	-	-	-	-	-	-
SUPPLEMENTAL FIRE DISTRICTS										
Hemby VFD	0.0476	0.0493	0.0526	0.0526	0.0526	0.0512	0.0485	0.0503	0.0488	0.0488
Springs VFD	0.0300	0.0315	0.0355	0.0355	0.0483	0.0474	0.0437	0.0567	0.0552	0.0552
Stallings VFD	0.0428	0.0428	0.0428	0.0428	0.0428	0.0509	0.0503	0.0503	0.0502	0.0502
Waxhaw VFD	0.0370	0.0372	0.0386	0.0386	0.0386	0.0380	0.0357	0.0413	0.0545	0.0545
Wesley VFD	0.0220	0.0220	0.0241	0.0241	0.0281	0.0282	0.0293	0.0293	0.3540	0.3540
Total County Rates										
Maximum	0.7126	0.7143	0.7126	0.7126	0.8140	0.8277	0.8168	0.8377	0.7861	0.7861
Minimum	0.6650	0.6650	0.6600	0.6600	0.7614	0.7765	0.7665	0.7810	0.7309	0.7309
Average	0.6888	0.6897	0.6863	0.6863	0.7877	0.8021	0.7917	0.8094	0.7585	0.7585
CITIES AND TOWNS										
City of Monroe	0.5550	0.5550	0.5550	0.5550	0.5550	0.5863	0.5863	0.5863	0.6163	0.6163
Downtown Monroe District	0.2000	0.2000	0.2000	0.2000	0.2000	0.2190	0.2190	0.2190	0.2190	0.2190
Town of Fairview	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Town of Hemby Bridge	-	-	-	-	-	-	-	-	-	-
Town of Indian Trail	0.1450	0.1450	0.1450	0.1850	0.1850	0.1850	0.1850	0.1850	0.1850	0.1850
Town of Marshville	0.4100	0.4100	0.4100	0.4800	0.4800	0.4800	0.4800	0.5100	0.5100	0.5100
Town of Mineral Springs	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250
Town of Mint Hill	0.2750	0.2750	-	-	-	-	-	-	-	-
Town of Stallings	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150	0.2150
Town of Unionville	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Town of Waxhaw	0.3400	0.3400	0.3400	0.3400	0.3400	0.3600	0.3600	0.3600	0.3900	0.3850
Town of Weddington	0.0300	0.0300	0.0520	0.0520	0.0520	0.0520	0.0520	0.0520	0.0520	0.0520
Town of Wingate	0.3900	0.3900	0.3900	0.3900	0.3900	0.4200	0.4200	0.4300	0.4300	0.4300
Village of Lake Park	0.2300	0.2300	0.2300	0.2300	0.2300	0.2300	0.2300	0.2300	0.2400	0.2500
Village of Marvin	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
Village of Wesley Chapel	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165

Source: Union County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2020.

UNION COUNTY, NORTH CAROLINA
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	School Enrollment	Unemployment Rate	Retail Sales (thousands of dollars)
2011	202,171	7,710,379	36,770	39,900	9.6%	1,122,433
2012	205,321	8,441,964	39,611	40,359	8.6%	1,197,951
2013	207,775	8,651,849	39,417	40,958	8.0%	1,321,781
2014	211,539	9,420,509	43,224	42,047	6.2%	1,460,830
2015	215,956	10,324,744	46,456	41,266	5.3%	1,610,426
2016	220,546	10,812,551	47,729	41,780	4.3%	1,799,712
2017	224,029	11,486,771	49,648	42,000	4.0%	2,018,468
2018	231,366	n/a	n/a	41,500	3.6%	2,068,107
2019	237,477	n/a	n/a	41,372	3.9%	2,191,524
2020	239,859	n/a	n/a	41,395	7.2%	2,326,821

n/a = Not available

Source: Union County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2020.

UNION COUNTY, NORTH CAROLINA
Principal Employers
Current Year

Table 17

		June 30, 2020			2011		
Employer	**Type of Business**	**Employees**	**Rank**	**Approximate Percentage of Total County Employment**	**Employees**	**Rank**	**Approximate Percentage of Total County Employment**
Union County Schools	Education & Health Services	1,000+	1	1%+	1,000+	1	1%+
TDY Industries LLC	Manufacturing	1,000+	2	1%+	1,000+	4	1%+
County of Union	Public Administration	1,000+	3	1%+	1,000+	5	1%+
Tyson Farms Inc	Manufacturing	1,000+	4	1%+	1,000+	2	1%+
Harris Teeter	Trade, Transportation & Utilities	1,000+	5	1%+	500-999	7	1%
Walmart Associates Inc	Trade, Transportation & Utilities	500-999	6	1%	500-999	6	1%
Pilgrims Pride Corporation	Manufacturing	500-999	7	1%	250-499	-	-
City of Monroe	Public Administration	500-999	8	1%	500-999	8	1%
Wingate University	Education & Health Services	500-999	9	1%	250-499	-	-
Food Lion	Trade, Transportation & Utilities	500-999	10	1%	250-499	-	-
Charlotte Pipe & Foundry Company	Manufacturing	-	-	-	250-499	10	1%

Source: Union County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2020.

COMPLIANCE SECTION

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POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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 Board of Directors
Union Academy
Monroe, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Union Academy**, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises **Union Academy's** basic financial statements, and have issued our report thereon dated October 30, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Union Academy's** financial statements are free of 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 Standard.*

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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

October 30, 2020
Monroe, North Carolina

POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Independent Auditors' Report

To the Board of Directors
Union Academy
Monroe, North Carolina

Report on Compliance for Each Major State Program

We have audited **Union Academy's** compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission that could have a direct and material effect on its major State program for the year ended June 30, 2020. **Union Academy's** major State program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for its major State program. However, our audit does not provide a legal determination on **Union Academy's** compliance.

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Opinion on Each Major State Program

In our opinion, **Union Academy** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Potter & Company

October 30, 2020
Monroe, North Carolina

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ____Yes __X__ No

- Significant Deficiencies(s) identified that are not considered to be material weaknesses? ____Yes __X__ No

Noncompliance material to financial statements noted? ____Yes __X__ No

State Awards

Internal control over major State programs:

- Material weakness(es) identified? ____Yes __X__ No

- Significant Deficiency(s) identified that are not considered to be material weaknesses? ____Yes __X__ No

Type of auditors' report issued on compliance with major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act ____Yes __X__ No

Identification of major State programs:

Program Name

State Public School Fund

II. Financial Statement Findings

None reported

III. State Award Findings and Questioned Costs

None reported

Union Academy
Corrective Action Plan
For the Fiscal Year Ended June 30, 2020

Section II – Financial Statement Findings

None

Section III – State Award Findings and Questioned Costs

None

Union Academy
Summary Schedule Of Prior Year Audit Findings
For the Year Ended June 30, 2020

Statement 4

No prior year findings

Union Academy
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Number	Expenditures
Federal Grants:			
U. S. Department of Education			
Office of Special Education and Rehabilitative Services			
Passed through the NC Department of Public Instruction:			
Special Education Cluster:			
Individuals with Disabilities Education Act			
- Special Education - Education of the Handicapped	84.027	PRC 060	$ 243,449
- Special Education - Preschool Handicapped	84.173	PRC 049	2,245
- Special Needs Targeted Assistance	84.027	PRC 118	3,164
Total Special Education Cluster			248,858
Total U. S. Department of Education			248,858
Total Federal Assistance			248,858
State Grants:			
N.C. Department of Public Instruction			
State COVID-19 Supplement Funds	-	PRC 154	70,049
State Public School Fund	-	PRC 036	11,524,559
Exceptional Children - Behavioral Support	-	PRC 029	18,100
Third Grade Teacher Performance Bonus	-	PRC 046	3,569
Teacher Legislated Bonuses	-	PRC 048	21,422
Total State Assistance			11,637,699
Total Federal and State Assistance			$ 11,886,557

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Union Academy under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a select portion of the operations of Union Academy, it is not intended to and does not present the financial position, changes in net assets or cash flows of Union Academy.

Note 2: Summary of Significant Accounting Policies

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

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