UNION ACADEMY
MONROE, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2016

Union Academy
Monroe, North Carolina
Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2016

Prepared By
Finance Department

Lynn Kroeger, CPA
Chief Financial Officer

Union Academy
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June 30, 2016

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INTRODUCTORY SECTION

Union Academy Charter School
Dr. Ann Walters, Headmaster

LETTER OF TRANSMITTAL

As of October 28, 2016

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, 2016, 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 Rives & Associates, LLP, 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, 2016, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Union Academy's financial statements for the fiscal year ended June 30, 2016 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.

Profile of the Government

The School is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes (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.

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Lower School Campus: 3828 Old Charlotte Hwy., Monroe, NC 28110 Phone: 704-283-5678 Fax: 704-283-0406

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 2015-2016, the School served 1,372 students in grades K-12 with a waitlist of approximately 1,500 students.

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 has an estimated 2016 population of 222,742. The close proximity to Charlotte has resulted in a high growth in the western section of the county. Union County's population grew by 76.7% since 2000, far above the 23.5% growth rate for the State. Union County's cost of living index in March 2016 was 93.3 compared to 94.3 for Charlotte, NC. The primary factors contributing to Union County's economic growth are agriculture, business and industry. The city of Monroe has developed a strong base in advanced manufacturing, most notably in aerospace, and has the State's highest concentration of aerospace companies. The eastern part of the county is primarily rural and agricultural. In North Carolina, the county ranks among the highest in agricultural production of soybeans, corn and broiler chickens. Over the past decade, Union County's unemployment rate has been consistently lower than that of North Carolina, which is a positive economic indicator. In August 2016, labor statistics show the County's unemployment rate of 4.4% in comparison to 5.6% rate for North Carolina. The Union County 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 95% of its students residing in Union County while the remaining 5% of the student population reside in Mecklenburg and Anson Counties. The State and local per pupil funding increased slightly from the prior year by approximately 3.4%.

Union Academy Charter School
Dr. Ann Walters, Headmaster

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. As the national public charter school movement approaches the 20 year anniversary of the opening of the first charter school, the sector continues to grow. The most recent national data available for the 2013-2014 school year shows more than 600 new public charter schools opened their doors along with an estimated additional enrollment of 288,000 students. Today there are almost 6,400 charter schools in 42 states with an enrollment of over 2,570,000 students. The 6.7 percent growth in charter schools and 12.6 percent growth in students are demonstrations of parents' demand for high quality educational options. Nationwide, charter schools represent 6.3% of all public schools. North Carolina alone has 167 schools, currently serving almost 77,800 students and represents 5.3% of all public schools in the state making Charter Schools the third largest "school district" in the State behind Wake and Mecklenburg County School Districts. Demand for new charter schools continues to increase with 40 applications received by the NC Department of Public Instruction to open in 2016. Specifically in Union County, two charter schools opened in the Fall of 2016. There are three Charter School Applications for 2016-2017 school year slated for Union County.

The School provides a positive impact on Union County in the following ways: 1) Eases overcrowding in the 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. The 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 has dedicated significant resources toward technology. There are several computer labs throughout the school and smart boards in every classroom as well as computers in each classroom. Computer technology is being integrated throughout the K-12 curriculum. The School continues to make improvements in the technology infrastructure, such as expanding the wireless network on both campuses. In addition, Google Chromebooks were purchased for high school and eighth grade students as part of the School's 1:1 initiative.

- The School completed its long-term strategic plan.

- The School will construct facilities to support a K-12 single campus facility. In collaboration with the Union Academy Foundation, the School will secure funds to begin the planning and designing of auxiliary structures such as a multi-purpose room and physical activity area. This infrastructure is vital to have in place to house additional classrooms to support a single campus institution.

- The School continues to research and apply for more grants to enhance our facilities, character education, community service, and academic programs. The School received the designation of NC School of Character in the January 2016 and was named a National School of Character in the spring of 2016. The School was one of four in the State and sixty-seven in the nation to receive this high honor.

- The School is expanding its sphere of influence in the local community and across the State by solidifying its brand and developing professional marketing materials and collateral. The School won seven NC School Public Relations Association Blue Ribbon Awards for excellence in publications and communications.

- 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. SAT results exceed national averages in all three areas of critical reading, math and writing. The School intends to increase composite test scores on the ACT, EOG and EOC while increasing individual student academic growth. The School will establish and implement a plan that focuses on grade level objectives as determined by the NC Common Core and Essential Standards, while implementing dynamic, relative and effective teaching strategies.

- 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 one hundred 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.

- 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.
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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 2015-2016 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, 2015. This was the sixth 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.

UNION ACADEMY
Challenge. Character. Community.

Union Academy Charter School
Dr. Ann Walters, Headmaster

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, 2015. This was the seventh 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

Lynn Kroeger, CPA
Chief Financial Officer

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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, 2015

Executive Director/CEO

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting Award is presented to

Union Academy

for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2015

The CAFR has been reviewed and met or exceeded ASBO International's Certificate of Excellence standards

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso, CAE, RSBA
Executive Director

UNION ACADEMY
SCHOOL ADMINISTRATION AND BOARD OF DIRECTORS
JUNE 30, 2016

School Administration

Headmaster – Ann Walters, EdD

High School Principal – Jim Zorn

Middle School Principal – Vacant

Lower School Principal – Shannen Bretz

Chief Financial Officer – Lynn Kroeger

Technology Director – Katie Stewart

Athletic Director – Aaron Hammers

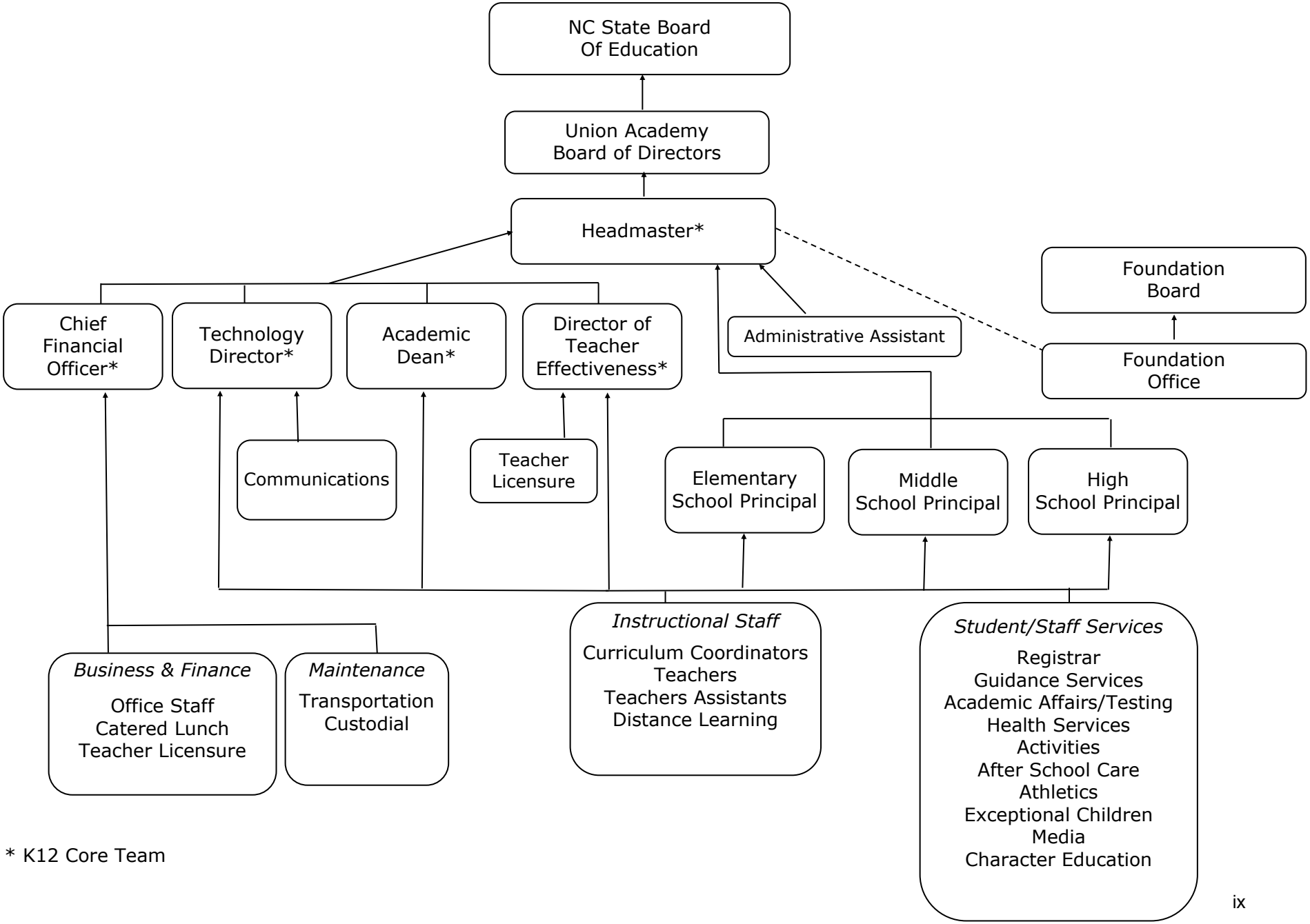
Board of Directors

Bob Hord Jr. – Chair
Mike Harris – Vice Chair
Elizabeth Gill – Secretary
Danny Jordan – Treasurer

Lenora Bowman – Board Member
Alicia Campbell – Board Member
Emily Dodge – Board Member
Jack James – Board Member
Melisa Wheeler – Board Member
Charla Grisham – Board Member
Frank Howey, Jr. – Board Member
Jesse Mangum – Board Member
Robert Noblet – Board Member
Alan Sumrell – Board Member
Kenneth Swain – Board Member

Jack Hargett – Ex-Officio

Union Academy Organization Chart
2015-2016



* K12 Core Team

FINANCIAL SECTION

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Member:
American Institute of
Certified Public Accountants

Rives & Associates, LLP
Certified Public Accountants

Member:
North Carolina Association of
Certified Public Accountants

www.rivescpa.com

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, each major fund, the discretely presented component unit, and the aggregate remaining fund information of Union Academy, as of and for the year then ended June 30, 2016, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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

Opinions

In our opinion, the financial statements referred to present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of Union Academy as of June 30, 2016, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 10, and budgetary comparison schedule on pages 30 and 31, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Union Academy's basic financial statements. The combining fund schedules, and the accompanying schedule of expenditures of federal and State awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, and the other information, such as the introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund schedules, as well as the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund 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 taken as a whole.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 28, 2016 on our consideration of Union Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Rives & Associates LLP

Charlotte, North Carolina
October 28, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Union Academy, we offer readers of Union Academy's financial statements this narrative overview and discussion of the financial activities of Union Academy (the "School") for the fiscal year ended June 30, 2016. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the School's financial statements, which follow this narrative.

Financial Highlights

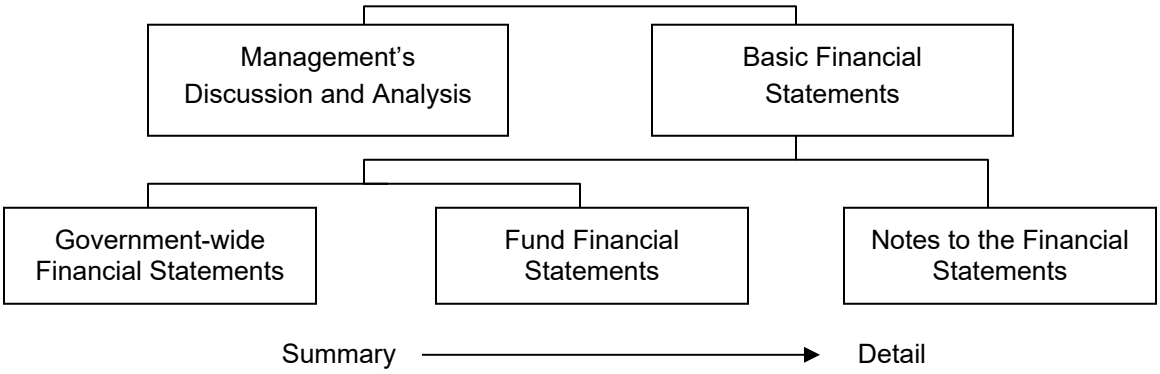
- The assets of the School exceeded its liabilities at the close of the fiscal year by $5,832,816 *(net position)*.
- Enrollment remained relatively the same over last year. Total enrollment for FY 2015-2016 was 1,372 students.
- The School expended an average of $7,549 of State, local and federal current expense dollars per pupil for the fiscal year 2015-2016 compared to $7,040 in the previous year.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of $3,793,899, an increase of $695,737 in the fund balance. This is primarily attributed to higher than anticipated revenues from the State and local funds.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the 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's governmental activities. These statements provide more detail than the government-wide statements.

The next section of the basic financial statements is the **notes to the financial statements**. 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 can also 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 they have changed. Net position is the difference between the School's total assets and total liabilities. Measuring net position is one way to gauge the School's financial condition.

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 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 governing board 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 schedule demonstrates how well the School has complied with the budget ordinance and whether or not 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 17.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a school's financial condition. The assets of the School exceeded liabilities by $5,832,816 as of June 30, 2016. As of June 30, 2015, the net position of the School totaled at $5,304,640. The School's net position increased by $528,176 for the fiscal year ended June 30, 2016, compared to an increase of $947,604 in 2015.

The largest component of current and other assets is prepaid items, which, at $5,790,070 represents 57% of $10,241,375. Cash increased primarily due to the increased revenue from the State and local governments and represents 43% of current assets. The School's investment in capital assets decreased by $103,017, net of accumulated depreciation in the current year. The School uses these capital assets to provide services to its students; consequently, these assets are not available for future spending.

The largest component of total liabilities is the outstanding debt of $4,882,509 which represents 88% of total liabilities. In addition, Other long term liabilities increased over prior year by $31,593 due to the deferred compensation payable. Other liabilities of $628,403 is comprised of 91% salaries and wages payable of $574,096 and $54,307 of accounts payable and other liabilities due to vendors and other governments.

Following is a summary of the statement of net position:

Condensed Statement of Net Position
Figure 2

	Governmental Activities	
	2016	2015
Current and other assets	$ 10,241,375	$ 9,931,080
Capital assets, net	1,133,946	1,236,963
Total assets	11,375,321	11,168,043
Long-term liabilities outstanding	4,914,102	5,132,511
Other liabilities	628,403	730,892
Total liabilities	5,542,505	5,863,403
Net position:		
Net invested capital assets	1,133,946	1,236,963
Unrestricted	4,698,870	4,067,677
Total net position	$ 5,832,816	$ 5,304,640

Several particular aspects of the School's financial operations influenced the total governmental activities net position:

- The School's current and other assets increased $310,295 and can be primarily attributed to increase in cash received from State and local governments. The increase in cash of $577,468 is offset primarily by the annual amortization of the pre-paid lease to the Union Academy Foundation of $314,393.

- Of the $320,898 decrease in total liabilities, approximately $250,000 of the decrease is due to the repayment of debt, while other short-term liabilities decreased slightly over the prior year in the amount of $70,900.

- The School adopted an annual budget. The School's performance was measured using this budget on a monthly basis, allowing amendments as needed for spending to stay within budget.

The following table shows the revenues and expenses for the School for the current and prior fiscal year:

Condensed Statement of Changes In Net Position
Figure 3

	Governmental Activities	
	2016	2015
Revenues:		
Program revenues:		
Charges for services	$ 581,604	$ 507,837
Operating grants and contributions	166,930	155,193
Capital grants and contributions	-	-
General revenues:		
County and State funds	10,371,202	10,072,425
Other	452,256	465,532
Total revenues	11,571,992	11,200,987
Expenses:		
Instructional services	7,188,955	6,794,952
System-wide support services	3,770,877	3,376,248
Interest on long-term debt	83,984	82,183
Total expenses	11,043,816	10,253,383
Increase (decrease) in net position	528,176	947,604
Net position, beginning July 1	5,304,640	4,357,036
Net position, June 30	$ 5,832,816	$ 5,304,640

Governmental activities: Governmental activities increased the School's net position by $528,176, when compared to the prior year. This change is attributed to the following:

- Revenues increased over the prior year by approximately $371,005 due to increased revenue from State funding. This was due to a 3.4% increase in State funding from $4,686.98 per student in FY 2014-2015 to $4,847.60 per student in FY 2015-2016.

- Expenses increased compared to last year by approximately $790,433.

  - Salaries and benefits increased by about $270,000 due to the addition of several instructional staff positions. These positions included an additional high school Science teacher, a middle school assistant and additional hours for part-time assistants in third and fourth grade. Also, an Orchestra teacher position was created and filled mid-year. An additional $250,000 went towards mid-year bonuses that were paid to all staff as well as a newly created position of a dedicated guidance counselor for K-12 character education.

  - The School purchased additional instructional materials for the classroom during the year totaling approximately $53,000. Additionally, professional development for teachers and staff also increased over prior year by $54,000 in order to help teachers be more creative and innovative. Our goal has been to reach 1% of our operating budget dedicated to professional development.

  - To enhance our 1:1 initiative, technology increased by $23,000, as monies were expended in the area of high school for college ready students on several computer services such as Naviance, as well as a new platform for all teachers and students called Homebase. Homebase allows teachers to post assignments and interact with students online. Furthermore, computer services were increased for compliance with the Affordable Care Act and upgrades were performed on our catered lunch program in order to be more automated and created greater efficiencies.

  - In the areas of safety, the School hired a crossing guard service for $21,000 for both the lower school and upper school to direct traffic during carpool.

  - Other System-wide support increased due to loan closing and attorney costs related to amending the existing debt for approximately $15,000 and $103,000 in increased depreciation expenses on existing assets (See Note II.B.4.b.).

Financial Analysis of the School's Funds

As noted earlier, 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, fund balance of the General Fund was $3,684,509.

At June 30, 2016, the governmental funds of the School reported a combined fund balance of $3,793,899, an increase of $695,737 from last year. The increase is primarily a result of increased revenue from State and local governments.

Capital Asset and Debt Administration

Capital assets. As illustrated in Figure 4, the School's investment in capital assets for its governmental activities as of June 30, 2016, totals $1,133,946 (net of accumulated depreciation). These assets include modular units, furniture and fixtures, food service equipment, computer equipment, leasehold improvements, other equipment, and vehicles.

The major capital asset transactions during the year included Google Chromebooks, computers and Smart Boards, which were purchased for approximately $139,000. Staff computers and laptops were upgraded in order to utilize the most up to date operating system and software programs. Several portable Chromebook labs were also purchased in order to be used by the Lower School and Middle School students. The School spent $36,000 on the Upper Campus Media Center in order to update it with new modern furniture and to provide a more student-friendly environment. Two new vehicles were also purchased for a total of $31,100. One vehicle was purchased for faculty and staff to use when attending conferences and professional development seminars while the other, a heavy duty truck, will be used by maintenance staff and to pull our newly formed marching band's trailer.

Union Academy's Capital Assets
(Net of Depreciation)
Figure 4

	Governmental Activities	
	2016	2015
Modular units	$ 104,115	$ 126,064
Furniture and fixtures	210,621	198,579
Food service equipment	3,535	4,320
Computer equipment	259,320	286,987
Leasehold improvements	384,579	435,052
Equipment	59,623	71,904
Vehicles	112,153	114,057
Total	$1,133,946	$1,236,963

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

Long-term Debt. The following is a summary of the School's long-term debt for governmental activities with a comparison to the prior year.

Union Academy's Outstanding Debt
Revenue Bonds and Note Payable
Figure 5

	Governmental Activities	
	2016	2015
Revenue bonds	$ 4,882,509	$ 5,132,511
Note payable	-	-
Note payable-middle school gym	-	-
Total	$ 4,882,509	$ 5,132,511

The School issued a $6,300,000 Educational Facilities Revenue Bond Series 2010 for the purpose of refunding the outstanding principal amount of the Series 2007 Revenue Bond of $6,175,000. This bond included $125,000 of the $127,800 total bond issuance costs. As of June 30, 2016, the School had total revenue bond debt outstanding of $4,882,509, a net decrease of $250,002 from the prior year outstanding balance. During the 2015-2016 School year the bonds were amended to extend beginning date of the banks optional redemption period by seven years.

Additional information on the School's long-term debt can be found in note II.B.4. of the basic financial statements.

Economic Factors

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

- As the economy begins to improve, the fiscal 2015-2016 state and local per pupil funding levels increased 3.4% over prior year.

- Demand for enrollment in the School remains strong. A waitlist is currently maintained that continues to include more than 1,500 students.

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 M L King Jr. Blvd., Monroe, NC 28110, telephone (704) 238-8883.

BASIC FINANCIAL STATEMENTS

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Union Academy
Statement of Net Position
June 30, 2016

Exhibit 1

	Primary Government		Component Unit
	Governmental Activities	Total	Union Academy Foundation
ASSETS			
Cash and cash equivalents	$ 4,363,400	$ 4,363,400	$ 1,771,608
Investments	-	-	8,151
Due from other governments	56,312	56,312	162
Pledges receivable, net	-	-	31,207
Prepaid items	5,790,070	5,790,070	5,261
Capital assets:			
Land	-	-	476,923
Capital assets, net of depreciation	1,133,946	1,133,946	6,847,509
Other assets:			
Restricted investments	31,593	31,593	-
Total assets	11,375,321	11,375,321	9,140,821
LIABILITIES			
Accounts payable	22,005	22,005	160
Accrued interest payable	2,590	2,590	11,000
Accrued salaries and wages payable	574,096	574,096	-
Due to other governments	29,712	29,712	-
Long-term liabilities:			
Unearned rent, current portion	-	-	314,393
Unearned rent, long-term portion	-	-	5,475,677
457(f) deferred compensation payable	31,593	31,593	-
Due within one year	262,500	262,500	-
Due in more than one year	4,620,009	4,620,009	-
Total liabilities	5,542,505	5,542,505	5,801,230
NET POSITION			
Net investment in capital assets	1,133,946	1,133,946	7,324,432
Restricted:			
Memorial fund	-	-	147,959
Promises to give	-	-	31,207
Unrestricted	4,698,870	4,698,870	(4,164,007)
Total net position	$ 5,832,816	$ 5,832,816	$ 3,339,591

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

Union Academy
Statement of Activities
For the Year Ended June 30, 2016

Exhibit 2

		Program Revenues	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**
Primary government:			
Governmental activities:			
Instructional services	$ 7,188,955	$ 581,604	$ 166,930
System-wide support services	3,770,877	-	-
Interest on long term debt	83,984	-	-
Total governmental activities	11,043,816	581,604	166,930
Total primary government	$ 11,043,816	$ 581,604	$ 166,930
Component unit:			
Union Academy Foundation	$ 573,712	$ 314,393	$ -

General revenues:
Unrestricted County appropriations
Unrestricted State appropriations
Contributions and donations
Miscellaneous
Total general revenues
Change in net position
Net position-beginning
Net position-ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		Component Unit
Governmental Activities	Total	Union Academy Foundation
$ (6,440,421)	$ (6,440,421)	$ -
(3,770,877)	(3,770,877)	-
(83,984)	(83,984)	-
(10,295,282)	(10,295,282)	-
(10,295,282)	(10,295,282)	-
-	-	(259,319)
2,953,216	2,953,216	-
7,417,986	7,417,986	-
149,894	149,894	567,573
302,362	302,362	4,459
10,823,458	10,823,458	572,032
528,176	528,176	312,713
5,304,640	5,304,640	3,026,878
$ 5,832,816	$ 5,832,816	$ 3,339,591

Union Academy
Balance Sheet
Governmental Funds
June 30, 2016

Exhibit 3

	Major Funds			
	General	State Public School	Total Non-major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 4,254,010	$ -	$ 109,390	$ 4,363,400
Due from other governments	56,312	-	-	56,312
Total assets	$ 4,310,322	$ -	$ 109,390	$ 4,419,712
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 22,005	$ -	$ -	$ 22,005
Accrued salaries and wages payable	574,096	-	-	574,096
Due to other governments	29,712	-	-	29,712
Total liabilities	625,813	-	-	625,813
Fund balances:				
Committed:				
Operating reserve	870,038			870,038
Assigned:				
Clubs and activities	-	-	109,390	109,390
Unassigned:	2,814,471	-	-	2,814,471
Total fund balances	3,684,509	-	109,390	3,793,899
Total liabilities and fund balances	$ 4,310,322	$ -	$ 109,390	

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. (Note II.A.4.)	
Capital assets	3,440,251
Less accumulated depreciation	(2,306,305)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
Prepaid Foundation lease (Note II.B.4.a)	5,790,070
Investment restricted for the deferred compensation plan (Note II.A.2)	31,593
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Series 2010 Revenue Bond (Note II.B.4.b)	(4,882,509)
Deferred compensation plan payable (Note II.B.2)	(31,593)
Accrued interest for note payable not reported in the fund statements	(2,590)
Net position of governmental activities	$ 5,832,816

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

Union Academy
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

Exhibit 4

	Major Funds			
	General	**State Public School**	**Total Non-major Funds**	**Total Governmental Funds**
REVENUES				
State of North Carolina	$ -	$ 7,417,986	$ -	$ 7,417,986
Union County and other counties	2,953,216	-	-	2,953,216
U.S. Government	-	-	166,931	166,931
Contributions and donations	149,894	-	-	149,894
Other	368,898	-	514,283	883,181
Total revenues	3,472,008	7,417,986	681,214	11,571,208
EXPENDITURES				
Current:				
Instructional services	1,685,067	4,613,527	677,515	6,976,109
System-wide support services	829,292	2,486,136	-	3,315,428
Capital outlay	209,985	40,116	-	250,101
Debt service:				
Principal	41,667	208,335	-	250,002
Interest and other charges	13,959	69,872	-	83,831
Total expenditures	2,779,970	7,417,986	677,515	10,875,471
Excess (deficiency) of revenues over expenditures	692,038	-	3,699	695,737
Net change in fund balance	692,038	-	3,699	695,737
Fund balances-beginning	2,992,471	-	105,691	3,098,162
Fund balances-ending	$ 3,684,509	$ -	$ 109,390	$ 3,793,899

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

Union Academy Exhibit 5

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2016

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds		$ 695,737
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.	$ 250,101	
Depreciation expense that is recorded on the statement of activities but not in the fund statements.	(353,118)	
		(103,017)
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 accrual basis. The reconciling amount was the change in accrued interest from the prior year.		(153)
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	250,002	
		250,002
The fund financial statements recognizes contributions to the 457(f) deferred compensation plan investments as expenditures, current financial resource measurement focus, whereas the government-side financial statements recognizes the 457(f) deferred compensation plan activity on the accrual basis. The detail to the differences are as follows:		
Contributions to the 457(f) deferred compensation plan	30,809	
Investment income earn on the plan investments	784	
Changes in 457(f) deferred compensation payable	(31,593)	
		-
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:		
Amortization of prepaid lease	(314,393)	
		(314,393)
Total changes in net position of governmental activities		$ 528,176

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. Because of the authority of the State Board of Education (SBE) to unilaterally abolish a school with all the assets reverting to a local education agency, 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

The School is a public charter school located in Monroe, North Carolina. The School is governed by a local non-profit corporation and serves 1,372 students. The School operates under an approved charter received from the SBE, and applied for under the provisions of General Statute (G.S.) 115C-238.29B. G.S. 115C-238.29F(f)(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). G.S. 115C-447 also requires financial statements to be prepared in accordance with GAAP. The School has two locations, both in Monroe, NC. The Lower School, which serves grades K-4, is located at 3828 Old Charlotte Highway while the Upper School, at 675 North M.L. King Jr. Blvd. accommodates students in grades 5-12.

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, 2015, can be obtained from the entity's administrative office at Union Academy Foundation, 675 North M.L. King Jr. Blvd., Monroe, NC 28110.

B. Basis of Presentation

Government-wide Financial 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 did not have any proprietary or enterprise funds in fiscal year 2015-2016.

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.

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.

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, 2016. All appropriations lapse at year end.

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 is 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 30 and explains the differences between budgetary sources and uses of funds and GAAP revenues and expenditures for the total governmental funds.

E. Assets, Liabilities, 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 School holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the School's mission, the School determined that the disclosures related to these investments need to be disaggregated by major type.

The School 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; 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 a prepaid 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 unrestricted net position 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 temporarily or permanently restricted net position depending on the nature of the restrictions. When a restriction expires, temporarily restricted net position are reclassified to unrestricted net position. 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.

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	20-40
Land improvements	15-20
Furniture and equipment	5-10

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.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

7. 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.

8. Net Position/Fund Balances

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

Fund 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, 2016, 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, 2016, 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.

Clubs and Activities Fund - revenue sources assigned for expenditures for the various clubs and organizations, athletic events, and various fund raising 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 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.

9. Reconciliation

The governmental fund balance sheet (Exhibit 3) includes a reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position (Exhibit 1). The net adjustment totaled $2,038,917.

F. Revenues, Expenditures, and Expenses

1. Funding

The School 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 in which the school is located (i.e. 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-238.29H(a)]. Additionally, the appropriate local school administrative unit transfers to the School, for each student who resides in the local administrative unit and attends the charter school, an amount equal to the per pupil local current expense appropriation to the respective local school administrative unit for the fiscal year [G.S. 115C-283.29H(b)]. For the fiscal year ended June 30, 2015, the School received local funding primarily from Union County Board of Education and Charlotte-Mecklenburg Board of Education.

Furthermore, the School has received donations of cash and/or equipment, from various fund raising activities and private organizations, and interest income on checking account balances.

2. Reconciliation Between Government-wide and Fund Statements

The governmental fund statement of revenues, expenditures, and changes in fund balances is followed by a reconciliation between the change in fund balances – governmental activities and the changes in net position – governmental funds as reported on the government-wide statement of activities. The net difference between the governmental fund statement of revenues, expenditures and changes in fund balances (Exhibit 4 and 5) and the government-wide statement of activities (Exhibit 2) totaled ($167,561).

II. Detail Notes on All Funds

A. Assets

1. Deposits

The School's deposits are maintained in a public fund account with Branch Banking and Trust Company (BB&T). 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, 2016, the School had deposits with a bank with a carrying amount of $4,363,400. The bank balance with the financial institution was $4,630,881. Of the bank balance, $250,000 was insured by the FDIC and $4,380,881 was insured by BB&T's public fund insured deposit program.

At June 30, 2016, the Foundation had deposits with a bank with a carrying amount of $1,771,608. The bank balance with the financial institution was $1,774,914. Of the bank balance, $1,5,24,914 was not covered by federal depository insurance.

2. Investments

As of June 30, 2016, the School had the following investments at fair value restricted for the deferred compensation plan (discussed at Note II.B.2):

Vanguard 500 Index Investor Share Fund (Fund), a mutual fund, of $31,593 valued using quoted market prices (Level 1 input).

Credit Risk: The School does not have a formal investment policy regarding credit risk for the deferred compensation plan restricted investments.

Market Risk. The School is subject to stock market risk, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund's target index tracks a subset of the U.S. stock market, which could cause the Fund to perform differently from the overall stock market. In addition, the Fund's target index may, at times, become focused in stocks of a particular market sector, which would subject the Fund to proportionately higher exposure to the risks of that sector.

Investment Style Risk. The School is subject to investment style risk, which is the chance that returns from the Fund's large-capitalization stocks will trail returns from the overall stock market. Large-cap stocks tend to go through cycles of doing better—or worse—than other segments of the stock market or the stock market in general.

Concentration of Credit Risk: The School places no limit on the amount the School may invest with any one mutual fund.

3. Due From Other Governments

Due from other governments consist of the following:

Sales tax receivable	$ 44,466
Other county receivable	11,846
	$ 56,312

4. Capital Assets

The School's capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balances	Increases	Decreases	Transfer In/(Out)	Ending Balances
Governmental activities:					
Capital assets being depreciated:					
Modulars	$ 175,593	$ -	$ -	$ -	$ 175,593
Furniture and fixtures	633,651	58,493	-	-	692,144
Food service equipment	15,236	-	-	-	15,236
Computer equipment	1,194,092	138,729	-	-	1,332,821
Leasehold improvements	754,734	16,015	-	-	770,749
Equipment	115,720	5,750	-	-	121,470
Vehicles	301,124	31,114	-	-	332,238
Total assets being depreciated	3,190,150	$ 250,101	$ -	$ -	3,440,251
Less accumulated depreciation for:					
Modulars	49,529	$ 21,949	$ -	$ -	71,478
Furniture and fixtures	435,072	46,451	-	-	481,523
Food service equipment	10,916	785	-	-	11,701
Computer equipment	907,105	166,396	-	-	1,073,501
Leasehold improvements	319,682	66,488	-	-	386,170
Equipment	43,816	18,031	-	-	61,847
Vehicles	187,067	33,018	-	-	220,085
Total accumulated depreciation	1,953,187	$ 353,118	$ -	$ -	2,306,305
Total assets being depreciated, net	$1,236,963				$1,133,946

Depreciation was charged to governmental functions as follows:

Instructional services	$ 212,847
System-wide support services	140,271
Total	$ 353,118

The Foundation's capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balances	Increases	Decreases	Transfer In/Out	Ending Balances
Capital assets not being depreciated:					
Land	$ 476,923	$ -	$ -	$ -	$ 476,923
Capital assets being depreciated:					
Buildings	8,082,256	$ -	$ -	$ -	8,082,256
Building improvements	48,005	-	-	-	48,005
Land improvements	598,182	10,598	-	-	608,780
Furniture and equipment	230,331		-	-	230,331
Total assets being depreciated	8,958,774	$ 10,598	$ -	$ -	8,969,372
Less accumulated depreciation for:					
Buildings	1,515,245	$ 206,334	$ -	$ -	1,721,579
Building improvements	21,426	2,456	-	-	23,882
Land improvements	234,128	32,758	-	-	266,886
Furniture and equipment	95,605	13,911	-	-	109,516
Total accumulated depreciation	1,866,404	$ 255,459	$ -	$ -	2,121,863
Total assets being depreciated, net	7,327,904				6,847,509
Total assets, net	$8,311,927				$7,324,432

B. Liabilities

1. Retirement Plan

The School has adopted a tax deferred annuity retirement plan under Internal Revenue Code section 403(b). The Union Academy Retirement Plan ("the Plan") is a defined contribution plan and is administered by ING Life Insurance and Annuity Company. The governing board has the authority for establishing or amending the Plan's provisions and contribution requirements. This Plan was effective for the year beginning July 2000. All employees are eligible to participate in the Plan but only those who work at least 1,000 hours and are employed as of the end of the school year are eligible for the employer match.

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, 2016 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, 2016, all eligible employees of the School were included in the Plan. The School made all required contributions. For the year ended June 30, 2016, the pension cost was $157,432, with participants contributing $320,259.

2. Deferred Compensation Plan

Effective January 1, 2016 the School sponsors a nonqualified deferred compensation plan under Internal Revenue Code section 457(f). The plan allows the School to make contributions to the plan, in which the contributions and investment earnings are distributed to participants in future years based on the terms of the plan. As of June 30, 2016 the Plan had one participant. Plan assets are owned by the School, subject to the claims of creditors, and invested as determined by the School. The Plan required an initial $25,000 contribution and after each fiscal year end the School shall credit to the participant an amount equal to 7.5% of the participant's annual salary. Contributions to the plan for the year ended June 30, 2016 totaled $30,809. The value of the plan assets as of June 30, 2016 was $31,593. This is presented as a restricted investment on the statement of net position.

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 $5 million per occurrence.

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 $314,393 for the year ended June 30, 2016 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, 2016 was $314,393.

As of June 30, 2016, the School's prepaid rent under the lease agreement and lease amendment was $5,790,070. This amount is presented as prepaid rent on the statement of net position and the School will record rent expense based on the following 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:

	Original Lease Agreement
June 30, 2017	$ 314,393
June 30, 2018	314,393
June 30, 2019	314,393
June 30, 2020	314,393
June 30, 2021	314,393
July 1, 2021 – June 30, 2026	1,571,965
July 1, 2026 – June 30, 2031	1,571,965
July 1, 2031 – June 30, 2035	1,074,175
	$ 5,790,070

In addition, the School leases various equipment under non-cancelable operating leases through October 2018. Total equipment lease expense for the year ended June 30, 2016 was $63,090.

The following is a schedule of future minimum lease payments:

June 30, 2017	$ 62,388
June 30, 2018	21,166
	$ 83,554

b. Revenue Bonds

In August 2010, the North Carolina Capital Facilities Finance Agency issued the $6,300,000 Educational Facilities Revenue Bond (Union Academy Project) Series 2010 (the "Bond") to be loaned to the School for the purpose of refunding the outstanding principal amount of the $6,175,000 Variable Rate Educational Facilities Revenue Bonds (Union Academy Project), Series 2007, and to pay certain fees and expenses relating to the issuance and sale of the Bond. The North Carolina Capital Facilities Finance Agency sold the Bond to Branch Banking and Trust Company where it effectively functions as a commercial loan. As discussed in note II.B.4.a, proceeds from the Series 2007 revenue bond were used to prepay the facility lease between the School and the Foundation. The Foundation is contingently liable as a guarantor of the revenue bond.

Interest is based on 68% of One-Month LIBOR plus 1.43% per annum. The interest rate at June 30, 2016 was 1.76%.

In August 2015, the Bond was amended and subjects the bond to an optional redemption prior to the maturity date of December 19, 2029, in whole or in part. The option for redemption begins on or after August 19, 2022 at which time the School can renew the bond provisions and extend the redemption provision effective date.

Revenue bond outstanding at year end was as follows:

Educational Facilities Revenue Bond (Union Academy Project), Series 2010, due monthly in amounts ranging from $20,417 to $40,033 plus interest, through December 2029	$ 4,882,509

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

Year Ending June 30	Governmental Activities Principal	Interest
2017	$ 262,500	$ 83,400
2018	274,998	78,653
2019	287,496	73,708
2020	304,998	68,493
2021	322,500	62,955
2022-2026	1,847,490	222,512
2027-2030	1,582,527	48,911
Total	$ 4,882,509	$ 638,632

c. Changes in General Long-Term Obligations

The following is a summary of changes in the School's long-term obligations for the fiscal year ended June 30, 2016:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Revenue Bond	$ 5,132,511	$ -	$ 250,002	$ 4,882,509	$ 262,500

C. Fund Balance

The School has a revenue spending policy that provides 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 $2,814,471 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, 2016 was $116,041.

The School received contributions from the Foundation totaling $16,632 during the year ended June 30, 2016. These are donations from parents and other community members designated for the sole purpose of the School's programs and activities; therefore, flow though the Foundation to the School.

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 28, 2016, the date of issuance of these financial statements for required recognition or disclosure. Significant subsequent events are as follows:

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.

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REQUIRED SUPPLEMENTARY INFORMATION

Union Academy
Budgetary Comparison Schedule - All Fund Types
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance-Positive (Negative)
REVENUES:				
State of North Carolina	$ 6,469,000	$ 7,392,079	$ 7,417,986	$ 25,907
Boards of Education:				
Union County	2,565,400	2,838,462	2,845,147	6,685
Other Counties	85,000	100,000	108,069	8,069
U.S. Government	138,500	165,000	166,931	1,931
Others	770,500	772,050	1,033,075	261,025
Total revenues	10,028,400	11,267,591	11,571,208	303,617
EXPENDITURES:				
Instructional services:				
Regular instructional	4,487,559	4,979,195	4,883,276	95,919
Special populations	769,296	892,473	837,133	55,340
Other	1,153,943	1,360,710	1,286,510	74,200
Total instructional services	6,410,798	7,232,378	7,006,919	225,459
System-wide support services:				
Support and development	1,597,752	1,784,381	1,708,001	76,380
Operational support	1,474,848	1,659,280	1,576,617	82,663
Total system-wide support services	3,072,600	3,443,661	3,284,618	159,043
Capital outlay	210,000	256,550	250,101	6,449
Debt service:				
Principal	250,002	250,002	250,002	-
Interest and other charges	85,000	85,000	83,831	1,169
Total debt service	335,002	335,002	333,833	1,169
Appropriated fund balance	-	-	-	-
	-	-	-	-
Total expenditures	10,028,400	11,267,591	10,875,471	392,120
Excess of expenditures over revenues	$ -	$ -	$ 695,737	$ 695,737

NON-MAJOR FUNDS

Federal Grants Fund -	This fund is used to account for the federal monies that are passed through the State Department of Public Instruction to the School.
Clubs and Activities Fund -	This fund is used to account for the funds raised and earned by the various clubs and activities, including any athletic teams, that are part of the School.

Union Academy
Note to Required Supplementary Information
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

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

Funding sources:	
Actual amounts (budgetary basis) "total revenues" from the budgetary comparison schedule - All Fund Types	$ 11,571,208
Reclassifications:	
The Academy reports sources of funds in the budget as revenues in nonmajor funds for current financial resource reporting:	
Federal Grants Fund	(166,931)
Club and Activities Fund	(514,283)
Total revenues for general fund and major special revenue fund	$ 10,889,994
Total revenues as reported on the statements of revenues, expenditures, and changes in fund balances:	
General Fund	$ 3,472,008
State Public School Fund	7,417,986
Total revenues for general fund and major special revenue fund	$ 10,889,994
Uses:	
Actual amounts (budgetary basis) total expenditures from the budgetary comparison schedule - All Fund Types	$ 10,875,471
Adjustments	
Proceeds from debt service are not budgeted as they have no net cash effect on the School, however they are recognized for current financal resource measurment purposes:	-
Total expenditures for All Fund Types on a current financial resource basis of accounting	10,875,471
Reclassifications:	
The Academy reports uses of funds in the budget as expenditures in other nonmajor funds for a current financial resource reporting:	
Federal Grants Fund	(166,931)
Club and Activities Fund	(510,584)
Total expenditures for general fund and major special revenue fund	$ 10,197,956
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances:	
General Fund	$ 2,779,970
State Public School Fund	7,417,986
Total expenditures for general fund and major special revenue fund	$ 10,197,956

COMBINING FUND STATEMENTS AND SCHEDULES

Union Academy
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

Schedule 1

	Special Revenue Funds		Total Non-major Governmental Funds
	Federal Grants Fund	Club and Activities Fund	
ASSETS			
Cash and cash equivalents	$ -	$ 109,390	$ 109,390
Total assets	$ -	$ 109,390	$ 109,390
LIABILITIES AND FUND BALANCES			
Liabilities	$ -	$ -	$ -
Fund balances:			
Assigned	-	109,390	109,390
Total liabilities, deferred inflows of resources, and fund equity	$ -	$ 109,390	$ 109,390

Union Academy Schedule 2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2016

	Special Revenue Funds		
	Federal Grants Fund	**Club and Activities Fund**	**Total Non-major Governmental Funds**
REVENUES:			
U.S. Government:			
IDEA VI B Capacity Building and Improvement and Handicapped	$ 158,512	$ -	$ 158,512
Teacher Quality Enhancement	5,165	-	5,165
Special Needs Targeted Assistance	3,254	-	3,254
Total U.S. Government	166,931	-	166,931
Other	-	514,283	514,283
Total revenues	166,931	514,283	681,214
EXPENDITURES:			
Current:			
Instructional services:			
Regular instructional	5,165	283,015	288,180
Special populations	161,766	-	161,766
School based support	-	227,569	227,569
Total instructional services	166,931	510,584	677,515
Total expenditures	166,931	510,584	677,515
Revenues over expenditures	-	3,699	3,699
FUND BALANCES:			
Fund balance-beginning	-	105,691	105,691
Fund balance-ending	$ -	$ 109,390	$ 109,390

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STATISTICAL SECTION

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

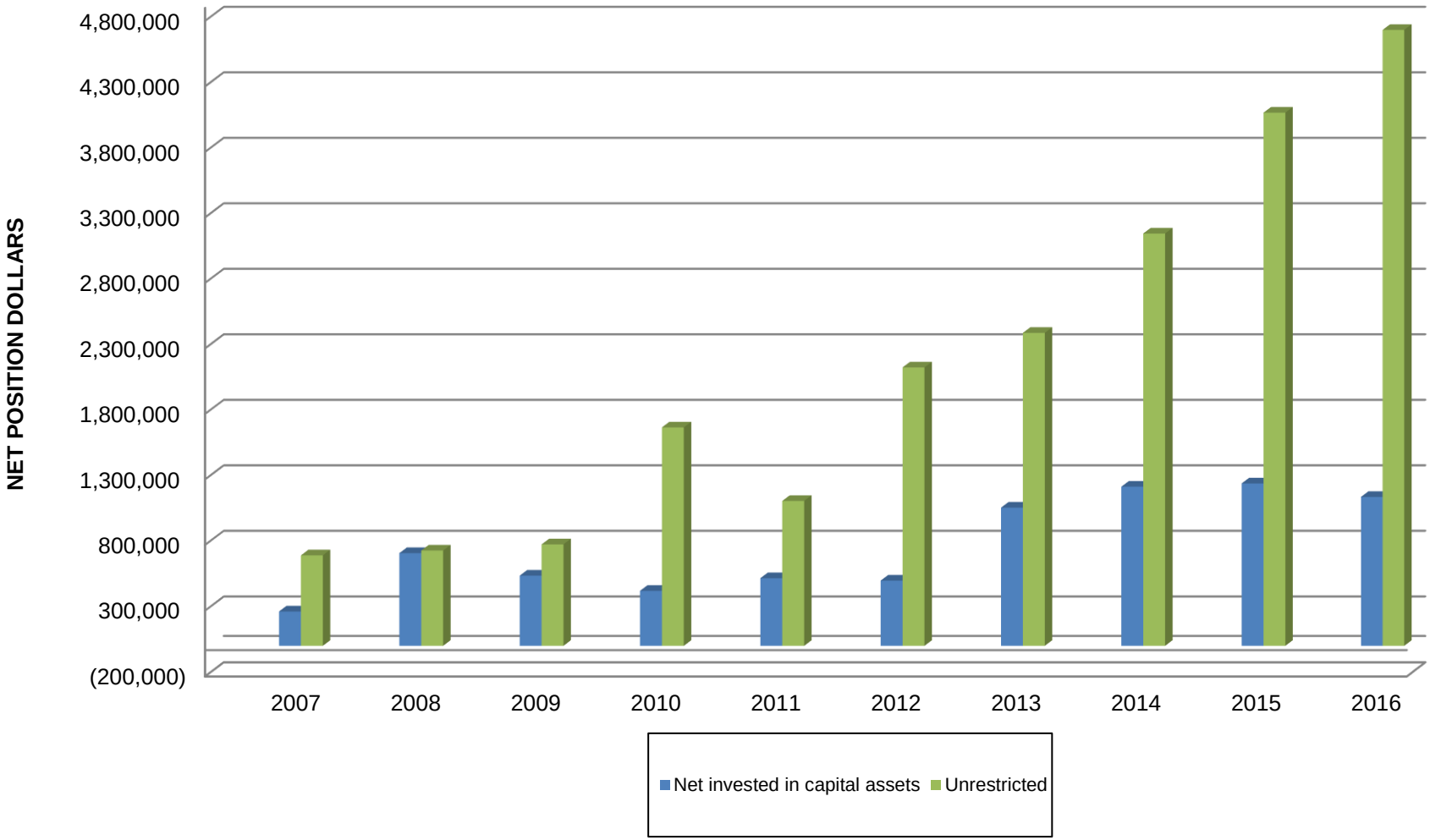
Table 1

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Net invested in capital assets	$ 261,454	$ 705,168	$ 533,660	$ 418,344	$ 514,365	$ 496,292	$ 1,052,160	$ 1,212,449	$ 1,236,963	$ 1,133,946
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	688,225	724,960	771,943	1,664,377	1,103,172	2,122,404	2,386,430	3,144,587	4,067,677	4,698,870
	$ 949,679	$ 1,430,128	$ 1,305,603	$ 2,082,721	$ 1,617,537	$ 2,618,696	$ 3,438,590	$ 4,357,036	$ 5,304,640	$ 5,832,816

Note: Due to the implementation of GASB 65 for FY13, the School restated the impacted fiscal years of 2008-2013.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental activities:										
Instructional services	$ 3,655,926	$ 4,366,623	$ 5,085,621	$ 5,292,746	$ 5,848,556	$ 5,746,923	$ 6,049,330	$ 6,261,759	$ 6,794,952	$ 7,188,955
Support services	1,704,577	1,914,148	2,322,321	2,795,772	3,011,755	2,397,183	2,489,934	2,724,870	3,376,248	3,770,877
Non-programmed charges	-	193,427	231,037	-	-	-	-	-	-	-
Interest on long term debt	-	251,726	313,784	336,902	152,830	105,414	124,405	120,060	82,183	83,984
Total governmental activities	5,360,503	6,725,924	7,952,762	8,425,420	9,013,141	8,249,520	8,663,669	9,106,689	10,253,383	11,043,816
Program Revenues:										
Governmental activities:										
Charges for services:										
Extended field trip fees	$ -	$ -	$ -	$ 197,823	$ 212,652	$ 179,385	$ 169,949	$ 147,592	$ 178,670	$ 184,819
Daily field trip fees	-	-	-	85,000	75,774	81,245	60,571	78,659	128,921	162,942
After school care	-	-	-	58,794	47,466	59,497	58,057	53,960	63,597	68,730
Other	-	-	-	63,312	55,517	78,067	116,049	101,721	136,649	165,113
Operating grants and contributions	-	62,268	-	583,407	497,510	405,003	210,602	203,201	155,193	166,930
Capital grants and contributions	-	-	-	300	-	-	-	-	-	-
Total governmental activities program revenues	-	62,268	-	988,636	888,919	803,197	615,228	585,133	663,030	748,534
Net (Expense) Revenue										
Governmental activities	$ (5,360,503)	$ (6,663,656)	$ (7,952,762)	$ (7,436,784)	$ (8,124,222)	$ (7,446,323)	$ (8,048,441)	$ (8,521,556)	$ (9,590,353)	$ (10,295,282)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Unrestricted county appropriations-operating	$ 1,639,159	$ 1,682,904	$ 1,911,119	$ 2,772,865	$ 2,181,457	$ 2,315,572	$ 2,551,128	$ 2,559,074	$ 2,818,115	$ 2,953,216
Unrestricted State appropriations-operating	3,687,808	4,431,899	4,939,638	4,974,994	4,959,102	5,714,055	5,919,876	6,379,767	7,254,310	7,417,986
Unrestricted Federal appropriations-operating	75,196	89,444	116,766	-	-	-	-	-	-	-
Donations - general	64,380	599,851	117,909	123,061	105,383	107,667	129,915	202,783	115,088	149,894
Miscellaneous, unrestricted	551,988	621,274	742,804	342,982	335,537	310,188	267,416	298,378	350,444	302,362
Total governmental activities	6,018,531	7,425,372	7,828,236	8,213,902	7,581,479	8,447,482	8,868,335	9,440,002	10,537,957	10,823,458
Total government-wide	$ 6,018,531	$ 7,425,372	$ 7,828,236	$ 8,213,902	$ 7,581,479	$ 8,447,482	$ 8,868,335	$ 9,440,002	$ 10,537,957	$ 10,823,458
Change in Net Position										
Governmental activities	$ 658,028	$ 761,716	$ (124,526)	$ 777,118	$ (542,743)	$ 1,001,159	$ 819,894	$ 918,446	$ 947,604	$ 528,176

Note: Due to the implementation of GASB 65 for FY13, the School restated the impacted fiscal years of 2008-2013.

Union Academy
Governmental Funds
Fund Balances
Last Ten Fiscal Years

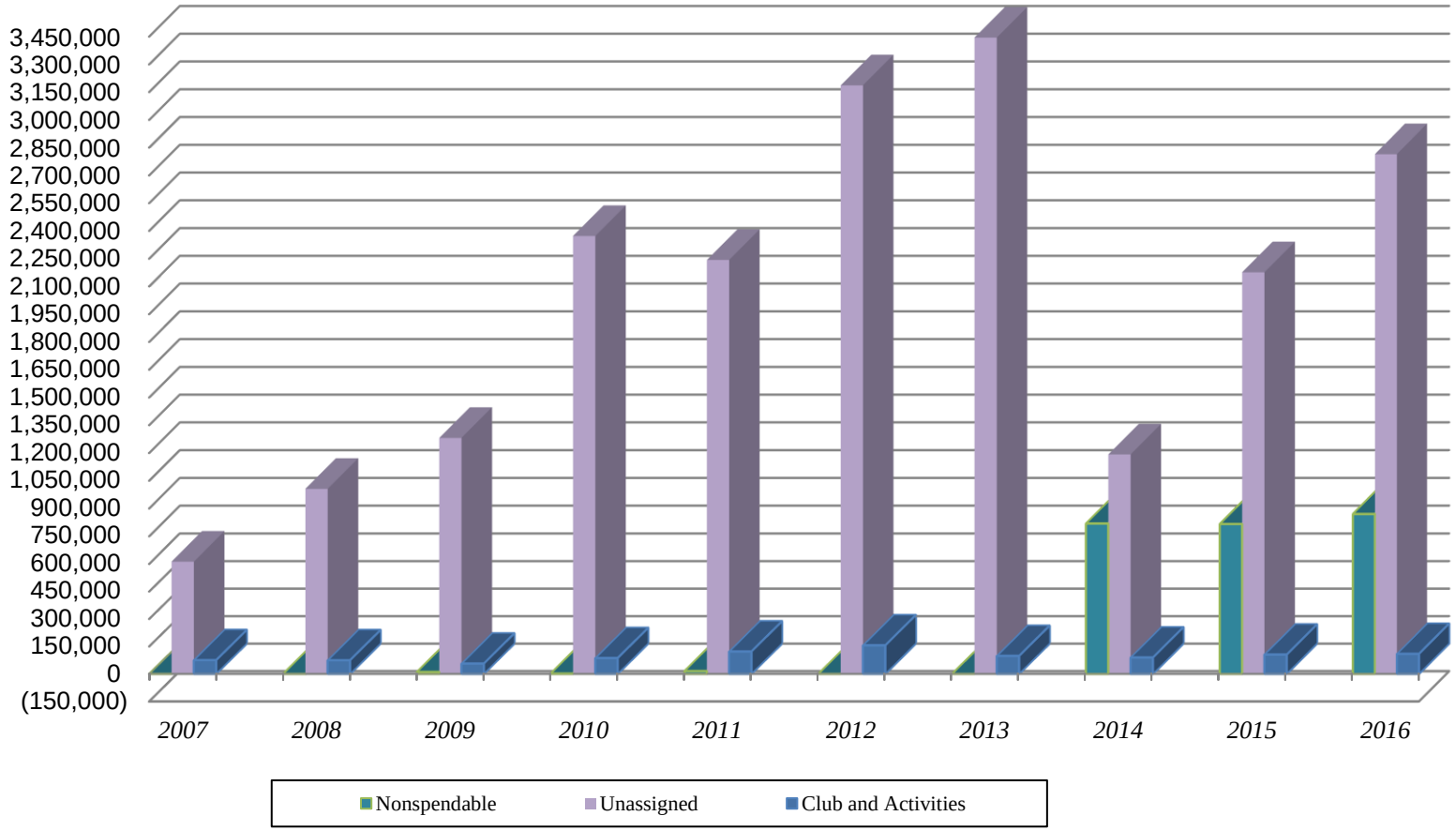
Table 3

Year Ended June 30	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Nonspendable	$ -	$ -	$ 10,433	$ 1,990.00	$ 15,642	$ -	$ -	$ 818,806	$ 816,290	$ 870,038
Unassigned	612,806	1,006,267	1,281,373	2,372,349	2,242,974	3,186,487	3,444,356	1,192,124	2,176,181	2,814,471
Total general fund	$ 612,806	$ 1,006,267	$ 1,291,806	$ 2,374,339	$ 2,258,616	$ 3,186,487	$ 3,444,356	$ 2,010,930	$ 2,992,471	$ 3,684,509
All other governmental funds										
Assigned										
Club and Activities	$ 75,419	$ 74,754	$ 56,473	$ 86,649	$ 122,503	$ 156,246	$ 98,282	$ 89,870	$ 105,691	$ 109,390
Total all other governmental funds	$ 75,419	$ 74,754	$ 56,473	$ 86,649	$ 122,503	$ 156,246	$ 98,282	$ 89,870	$ 105,691	$ 109,390

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

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

Table 3



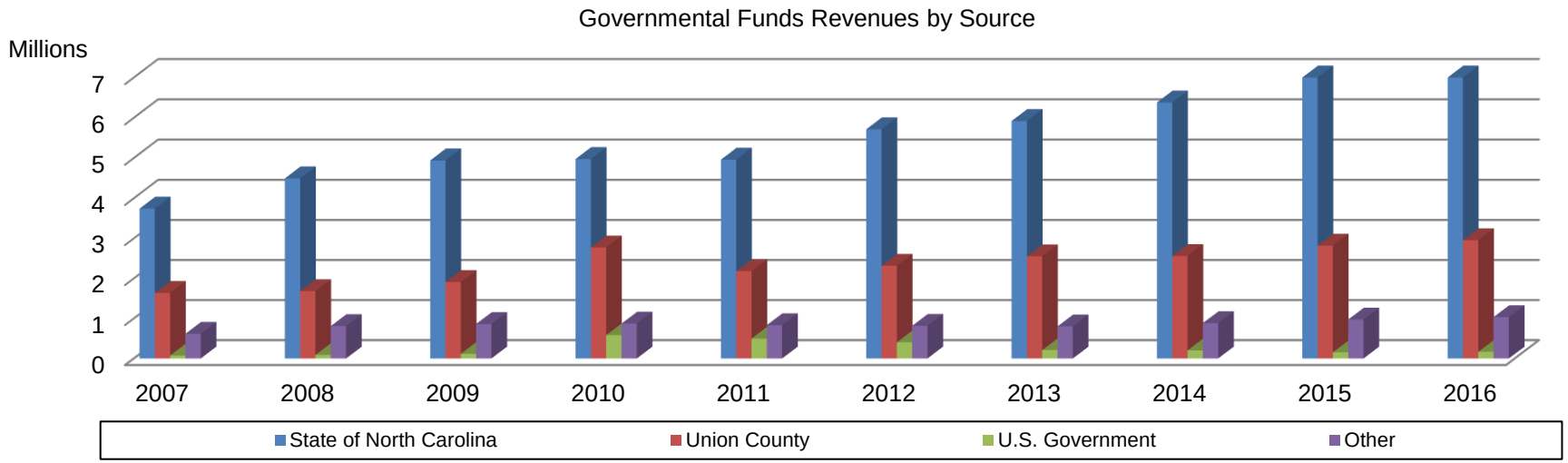
Union Academy
Governmental Funds
Changes in Fund Balance
Last Ten Fiscal Years

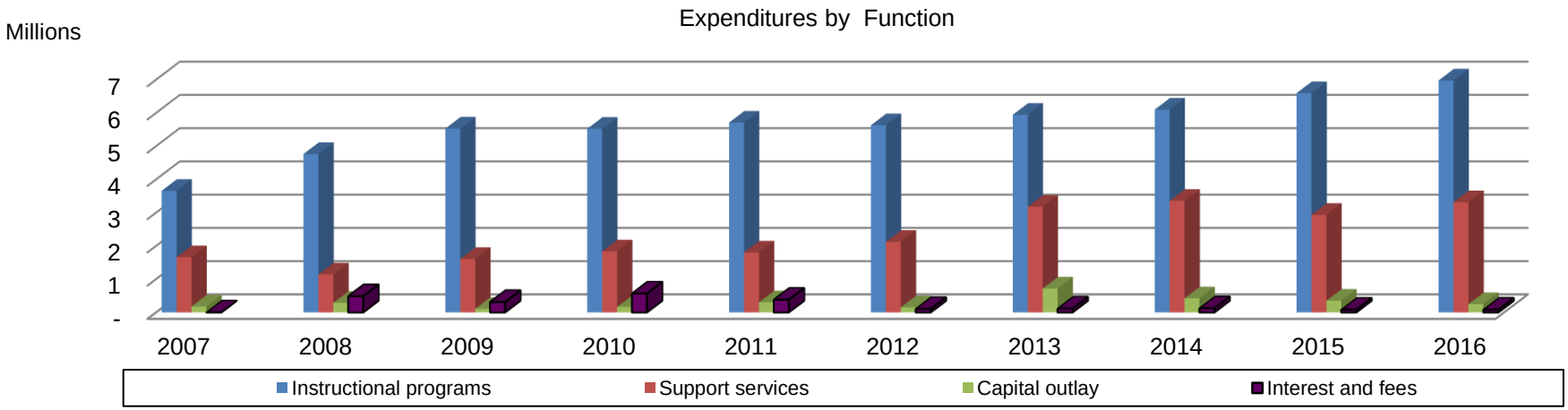
Table 4

Year Ended June 30	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
State of North Carolina	$ 3,742,048	$ 4,494,169	$ 4,939,638	$ 4,974,994	$ 4,959,102	$ 5,714,055	$ 5,919,876	$ 6,379,767	$ 7,254,310	$ 7,417,986
Union County	1,639,159	1,682,904	1,911,119	2,772,865	2,181,457	2,315,572	2,551,128	2,559,074	2,818,115	2,953,216
U.S. Government	75,196	89,444	116,766	583,407	497,510	405,003	210,602	203,201	155,193	166,931
Other	616,367	808,653	860,713	871,272	832,329	816,049	801,957	883,093	973,369	1,033,075
Total revenues	6,072,770	7,075,170	7,828,237	9,202,538	8,470,398	9,250,679	9,483,563	10,025,135	11,200,987	11,571,208
Expenditures										
Instructional programs	3,656,848	4,764,363	5,531,332	5,523,623	5,709,836	5,630,839	5,946,035	6,100,781	6,595,589	6,976,109
Support services	1,660,770	1,141,940	1,608,119	1,834,477	1,803,467	2,122,652	3,177,163	3,356,475	2,933,926	3,315,428
Capital outlay	176,122	287,597	107,744	163,790	303,980	152,267	717,811	424,803	351,806	250,101
Debt service										
Principal	-	-	-	-	350,940	277,893	292,423	2,493,236	240,000	250,002
Interest and fees	-	488,474	313,784	567,939	382,044	105,414	116,378	125,526	82,304	83,831
Total Expenditures	5,493,740	6,682,374	7,560,979	8,089,829	8,550,267	8,289,065	10,249,810	12,500,821	10,203,625	10,875,471
Other financing sources										
Debt issuance proceeds	-	-	-	-	-	-	966,152	1,033,848	-	-
Net change in fund balance	$ 579,030	$ 392,796	$ 267,258	$ 1,112,709	$ (79,869)	$ 961,614	$ 199,905	$ (1,441,838)	$ 997,362	$ 695,737
Debt service as a percentage of non-capital expenditures	N/A	7.64%	4.21%	7.17%	8.89%	4.71%	4.29%	21.69%	3.27%	3.14%

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

Table 4





Union Academy
Ratios of Outstanding Debt by Type
Last Nine Years [1]

Table 5

Fiscal Year Ended June 30,	Governmental Activities		Total Primary Government	Percentage of Personal Income [2]	Per Capita
	Revenue Bond	Note Payable			
2008	$6,175,000	$ -	$6,175,000	0.10%	$34
2009	6,175,000	-	6,175,000	0.09%	32
2010	6,175,000	-	6,175,000	0.09%	31
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	n/a	25
2015	5,132,511	-	5,132,511	n/a	24
2016	4,882,509	-	4,882,509	n/a	22

n/a = Not available

Note: Details regarding the School's debt can be found in the notes to the basic financial statements.
1. Revenue bond was issued August 2007 and the note payable was issued August 2010, therefore debt did not exist in prior years.
2. Personal Income shown on Table 16; however 2014, 2015 and 2016 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
2007	68	58	126	770	11.3
2008	76	86	162	884	11.6
2009	82	74	156	946	11.5
2010	83	66	149	1,064	12.8
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

Source: Union Academy Finance Office

Union Academy
School Personnel Summary
Last Ten Fiscal Years

Table 7

Activity Assignments Classification	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Officials, Administrators, Mgrs	11	5	4	3	3	1	1	1	1	1
Principals	1	1	1	1	1	1	1	1	1	1
Asssitant principal, teaching	1	1	2	2	0	0	0	0	0	0
Asssitant principal, non-teaching	1	1	1	1	4	4	3	3	3	3
Total-Administrators	14	8	8	7	8	6	5	5	5	5
Elementary Teachers	57	53	48	49	48	47	49	51	50	50
Secondary Teachers	4	11	17	17	19	19	23	23	28	29
Other Teachers	1	5	8	8	9	7	9	9	9	9
Total Teachers	62	69	73	74	76	73	81	83	87	88
Guidance	2	2	3	4	5	4	4	4	4	5
Psychological	-	-	-	-	-	-	-	-	-	-
Librarian, Audiovisual	2	3	4	4	4	3	3	3	3	3
Consultant, Supervisor	-	-	-	-	-	-	-	-	-	-
Other Professionals	3	11	9	9	6	8	10	12	15	16
Total Professionals	83	93	97	98	99	94	103	107	114	117
Teacher Assistants	30	35	32	26	22	20	17	22	27	28
Technicians		2	3	3	3	2	4	4	5	5
Clerical, Secretarial	12	24	18	15	16	17	15	17	19	19
Service Workers	1	8	6	6	6	5	13	15	13	13
Skilled Crafts	-	-	-	-	-	-	-	-	-	-
Laborers, Unskilled	0	0	0	1	1	1	0	0	0	0
Total	126	162	156	149	147	139	152	165	178	182

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Average Daily Membership	770	884	946	1,064	1,094	1,187	1,204	1,296	1,376	1,372
Instructional										
Instructional Salaries	3,556	3,521	3,759	3,416	3,462	3,117	3,283	3,144	3,405	3,697
Textbooks, Instructional Supplies &	-	-	-	-	-	-	-	-	-	-
Equipment	298	286	294	228	159	166	141	169	139	177
Staff Development	45	44	36	34	27	22	25	26	35	74
Benefits	761	846	1,006	951	938	856	904	924	1,040	1,026
Testing/Contracted EC & Other	66	61	61	50	48	31	42	27	77	90
Contracted Financial and Auditing	-	-	-	-	-	-	-	-	-	-
Services	98	84	85	89	65	59	58	22	19	35
Facilities	848	865	921	916	634	592	634	449	429	418
Principal Payments on Debt	-	-	-	-	321	234	243	1,924	174	182
Admin and Office Wages and Salaries	889	1,048	1,199	1,195	1,163	1,117	1,276	1,258	1,225	1,322
Insurance (non-medical)	87	92	89	75	35	36	29	33	35	33
Admin Office Supplies, Furniture &	0	-	-	-	-	-	-	-	-	-
Equipment	67	70	72	64	48	48	48	56	73	96
Transportation	116	124	119	91	70	41	104	112	41	77
Activities & Special Programs & Other	9	18	17	14	15	12	15	16	9	24
Computer & Copier Services	119	105	102	79	133	130	82	105	86	118
Nonprogram Charges	176	261	233	137	261	136	463	266	253	180
Total Expenditures [1]	$ 7,135	$ 7,425	$ 7,993	$ 7,339	$ 7,379	$ 6,597	$ 7,347	$ 8,531	$ 7,040	$ 7,549

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

Table 8

EXPRESSED IN CONSTANT DOLLARS

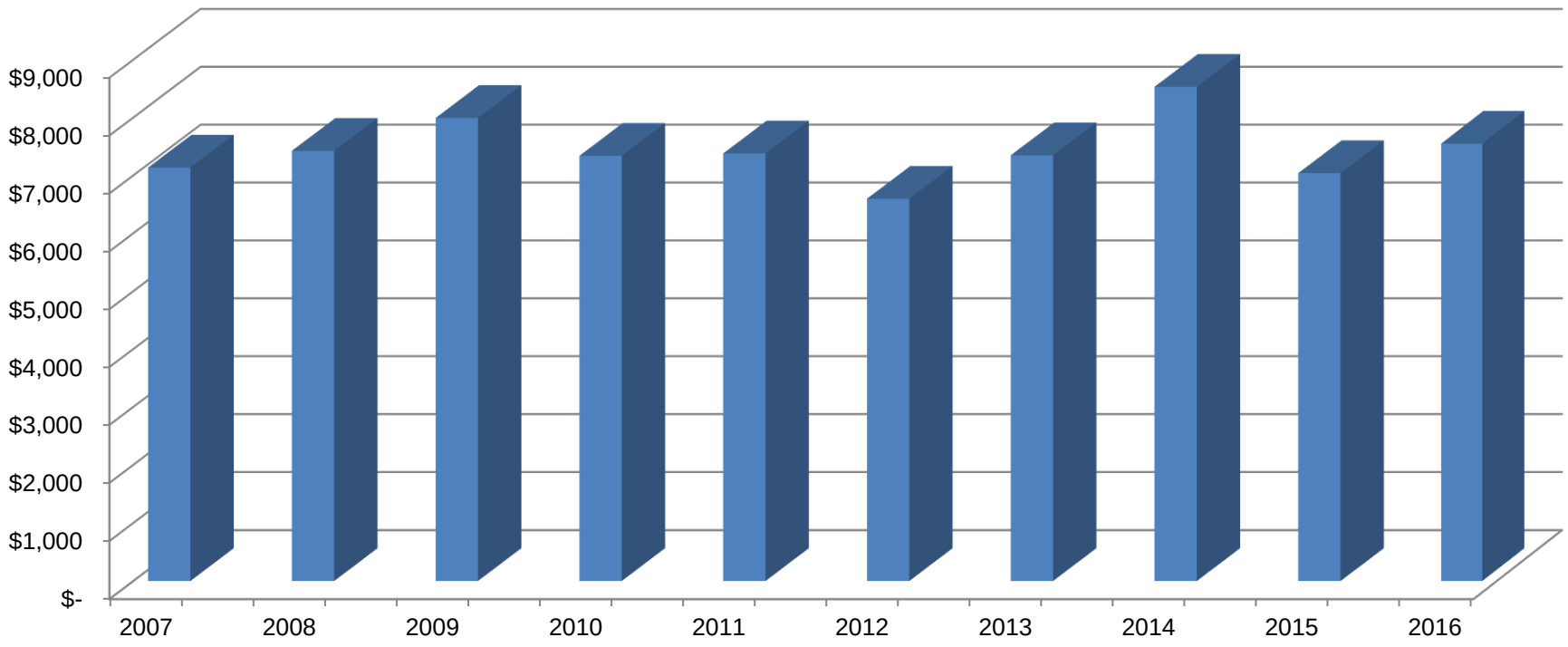
Year Ended June 30	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instructional Salaries	$ 1,707	$ 1,609	$ 1,743	$ 1,567	$ 1,534	$ 1,358	$ 1,406	$ 1,319	$ 1,427	$ 1,534
Textbooks, Instructional Supplies &	-	-	-	-	-	-	-	-	-	-
Equipment	143	131	136	105	70	72	60	71	58	73
Staff Development	22	20	17	16	12	10	11	11	15	31
Benefits	365	387	466	436	416	373	387	388	436	426
Testing/Contracted EC & Other	32	28	28	23	21	14	18	11	32	37
Contracted Financial and Auditing	-	-	-	-	-	-	-	-	-	-
Services	47	38	39	41	29	26	25	9	8	15
Facilities	407	395	427	420	281	258	272	188	180	173
Principal Payments on Debt	-	-	-	-	142	102	104	807	73	76
Admin and Office Wages and Salaries	427	479	556	548	515	487	546	528	513	548
Insurance (non-medical)	42	42	41	34	16	16	12	14	15	14
Admin Office Supplies, Furniture &	-	-	-	-	-	-	-	-	-	-
Equipment	32	32	33	29	21	21	21	23	31	40
Transportation	56	57	55	42	31	18	45	47	17	32
Activities & Special Programs & Other	4	8	8	6	7	5	6	7	4	10
Computer & Copier Services	57	48	47	36	59	57	35	44	36	49
Nonprogram Charges	84	119	108	63	116	59	198	112	106	75
Total Expenditures [1]	$ 3,425	$ 3,393	$ 3,704	$ 3,366	$ 3,270	$ 2,876	$ 3,146	$ 3,579	$ 2,951	$ 3,133

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

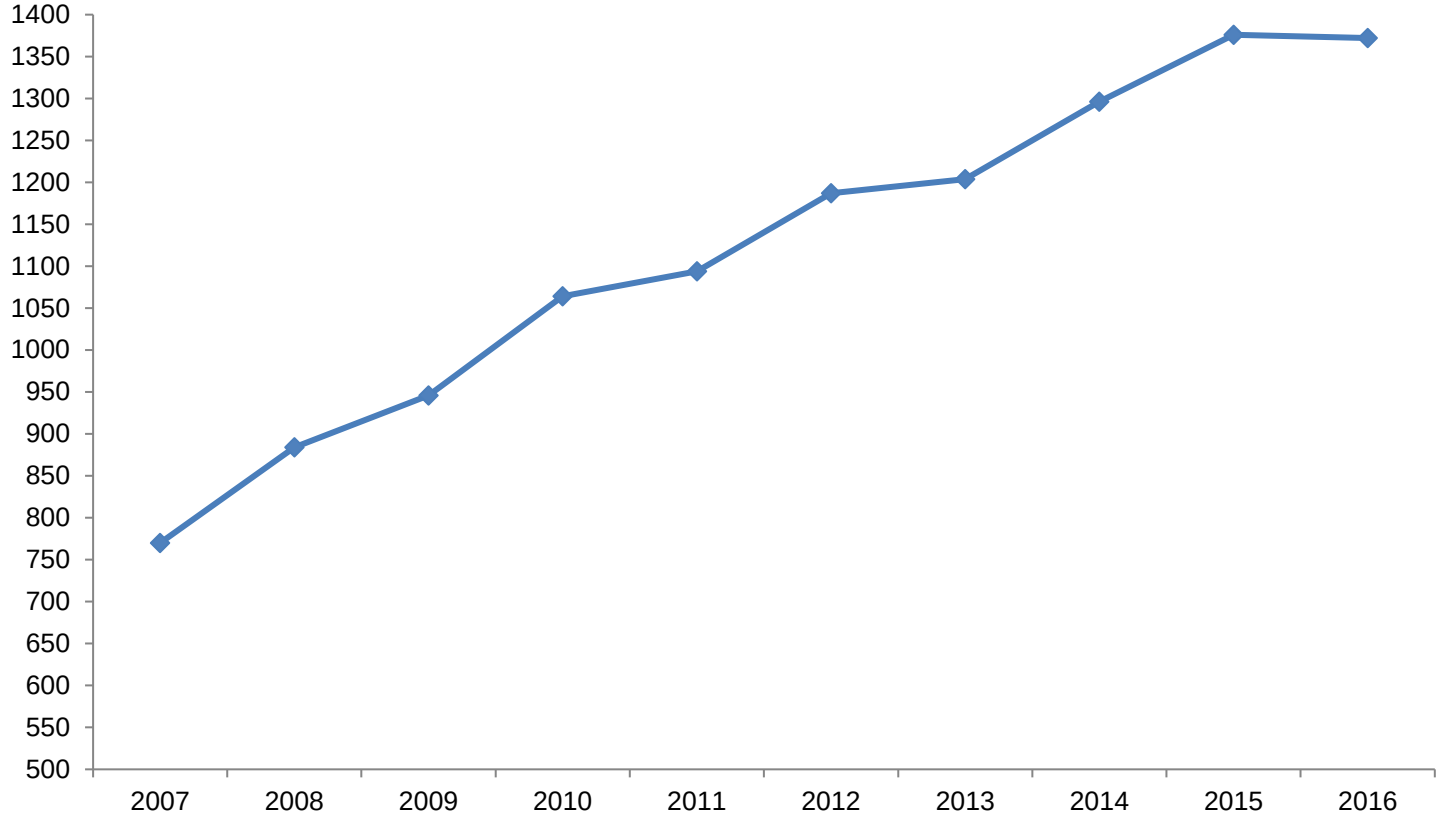
Table 9

	Year Ended June 30									
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Elementary Schools										
Lower School (Grades K-4)	358	385	380	403	403	443	438	442	462	461
Middle School										
Grades 5 - 8	305	335	348	386	390	385	389	453	454	468
High School										
Grades 9 - 12	107	164	218	275	301	359	377	401	460	443
Total Average Daily Membership	**770**	**884**	**946**	**1,064**	**1,094**	**1,187**	**1,204**	**1,296**	**1,376**	**1,372**

Source: North Carolina Statistical Profile, North Carolina Department of Public Instruction

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

Table 9



Year Ended June 30,	Total ADM
2007	770
2008	884
2009	946
2010	1,064
2011	1,094

Year Ended June 30,	Total ADM
2012	1,187
2013	1,204
2014	1,296
2015	1,376
2016	1,372

Union Academy
School Building Data
June 30, 2016

Table 10

Site	Square Footage	Capacity	Percentage of Capacity Used	Building	Age (years)
Lower Campus [1]	11,280	230	100%	Media/Classrooms	86
	2,952	60	N/A [3]	Cafeteria	54
	7,437	152	100%	Adminstration/Classrooms	50
	7,224	468	N/A [4]	Gymnasium/Music	42
	6,912	141	100%	Modulars	14
Upper Campus [2]	37,290	660	78.48%	Main	12
	10,906	1,570	N/A [4]	Gymnasium	11
	36,140	617	77.47%	Media Center/Classrooms	9
	19,600	400	N/A [4]	Middle School Gym/Classrooms	3

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

Source: Union Academy Finance Office

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

Table 11

EXPRESSED IN NOMINAL DOLLARS

	Year Ended June 30				
	2007	**2008**	**2009**	**2010**	**2011**
Ad Valorem Taxes	$ 104,702,599	$ 126,527,705	$ 152,040,519	$ 156,356,729	$ 159,650,925
Local Option Sales Tax	37,542,683	38,191,635	31,509,387	23,974,645	23,944,051
Other Taxes and Licenses	4,393,511	3,680,253	3,075,348	2,960,952	2,813,162
Intergovernmental Revenues	24,446,903	25,899,097	27,519,200	30,155,918	30,829,071
Permits and Fees	9,975,519	6,592,908	4,066,554	3,699,306	4,371,446
Sales and Services	4,268,091	4,602,861	4,668,297	4,766,268	5,083,297
Investment Earnings	6,208,468	9,510,665	3,233,332	1,454,313	707,344
Miscellaneous	4,425,068	3,996,371	2,128,833	4,178,287	4,027,650
Extraordinary Item	-	-	-	-	-
Total Revenues	$ 195,962,842	$ 219,001,495	$ 228,241,470	$ 227,546,418	$ 231,426,946

	2012	**2013**	**2014**	**2015**	**2016**
Ad Valorem Taxes	$ 160,909,290	$ 162,147,454	$ 169,710,100	$ 194,255,775	$ 192,395,861
Local Option Sales Tax	26,373,178	27,595,031	30,284,689	33,023,307	37,420,598
Other Taxes	2,746,674	3,068,956	3,492,149	3,201,693	3,136,056
Intergovernmental Revenues	31,053,330	31,130,202	29,679,942	31,928,468	33,831,925
Permits and Fees	5,099,529	6,098,103	6,982,279	6,783,000	7,472,415
Sales and Services	5,281,772	4,398,686	4,911,808	5,182,376	5,173,794
Investment Earnings	1,069,847	122,634	397,818	467,683	867,318
Miscellaneous	8,804,467	7,171,956	7,250,003	7,433,477	7,145,607
Extraordinary Item	54,000,000	-	-	-	-
Total Revenues	$ 295,338,087	$ 241,733,022	$ 252,708,788	$ 282,275,779	$ 287,443,574

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, 2016.

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

Table 11

EXPRESSED IN CONSTANT DOLLARS

	Year Ended June 30				
	2007	**2008**	**2009**	**2010**	**2011**
Ad Valorem Taxes	$ 50,252,745	$ 57,824,055	$ 70,489,315	$ 71,734,787	$ 70,729,005
Local Option Sales Tax	18,018,873	17,453,847	14,608,442	10,999,310	10,607,761
Other Taxes	2,108,696	1,681,902	1,425,799	1,358,453	1,246,295
Intergovernmental Revenues	11,733,462	11,836,070	12,758,504	13,835,211	13,657,982
Permits and Fees	4,787,820	3,013,006	1,885,344	1,697,202	1,936,650
Sales and Services	2,048,500	2,103,540	2,164,325	2,186,713	2,252,017
Investment Earnings	2,979,798	4,346,441	1,499,044	667,223	313,370
Miscellaneous	2,123,842	1,826,370	986,974	1,916,953	1,784,341
Extraordinary Item	-	-			-
Total Revenues	$ 94,053,736	$ 100,085,231	$ 105,817,747	$ 104,395,852	$ 102,527,421

	2012	**2013**	**2014**	**2015**	**2016**
Ad Valorem Taxes	$ 70,119,702	$ 69,440,975	$ 71,204,147	$ 81,401,862	$ 79,819,722
Local Option Sales Tax	11,492,683	11,817,798	12,706,347	13,838,243	15,524,771
Other Taxes	1,196,923	1,314,306	1,465,178	1,341,653	1,301,063
Intergovernmental Revenues	13,532,160	13,331,764	12,452,617	13,379,457	14,035,930
Permits and Fees	2,222,230	2,611,563	2,929,509	2,842,381	3,100,098
Sales and Services	2,301,646	1,883,773	2,060,815	2,171,647	2,146,464
Investment Earnings	466,209	52,519	166,910	195,980	359,826
Miscellaneous	3,836,737	3,071,449	3,041,836	3,114,959	2,964,515
Extraordinary Item	23,531,668	-	-	-	-
Total Revenues	$ 128,699,958	$ 103,524,147	$ 106,027,359	$ 118,286,182	$ 119,252,389

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, 2016.

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

Table 12

EXPRESSED IN NOMINAL DOLLARS

	Year Ended June 30				
	2007	**2008**	**2009**	**2010**	**2011**
General Government	$ 12,005,860	$ 12,690,960	$ 12,549,523	$ 10,044,406	$ 11,487,049
Public Safety	31,041,272	34,770,230	34,277,288	34,475,802	35,812,639
Economic & Physical Development	1,706,148	2,056,913	2,042,598	2,183,870	3,534,815
Human Services	37,535,192	39,086,647	37,561,560	35,921,058	37,826,248
Culture and Recreational	6,267,956	6,531,016	6,177,574	5,484,191	5,554,470
Education	58,126,552	72,215,699	78,670,638	80,799,320	80,781,286
Debt Service:					
Principal	14,030,661	21,504,015	24,855,116	26,928,112	27,231,937
Interest and fiscal charges	15,180,232	21,589,851	25,687,672	24,895,699	23,561,225
Capital Outlay	166,108,664	121,465,606	88,226,983	30,829,406	13,941,595
Total Expenditures	$ 342,002,537	$ 331,910,937	$ 310,048,952	$ 251,561,864	$ 239,731,264

	2012	**2013**	**2014**	**2015**	**2016**
General Government	$ 11,238,063	$ 11,493,384	$ 11,625,201	$ 11,254,881	$ 12,344,165
Public Safety	39,997,069	39,134,681	43,980,663	48,720,595	52,681,383
Economic & Physical Development	2,734,165	2,158,639	2,383,306	2,565,477	2,629,698
Human Services	37,796,024	36,855,320	37,430,037	40,496,633	41,848,033
Culture and Recreational	5,788,887	5,791,576	6,006,214	6,278,455	6,579,913
Education	80,562,304	82,882,387	85,180,373	89,885,541	94,996,333
Debt Service:		-	-		
Principal	29,506,575	30,542,075	31,705,585	33,368,401	33,292,147
Interest and fiscal charges	22,861,021	21,236,696	15,643,292	14,968,596	14,522,294
Capital Outlay	5,643,198	11,208,917	7,058,571	22,134,201	23,343,138
Total Expenditures	$ 236,127,306	$ 241,303,675	$ 241,013,242	$ 269,672,780	$ 282,237,104

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, 2016.

UNION COUNTY, NORTH CAROLINA **Table 12**

General Governmental Expenditures by Function (continued)

Last Ten Fiscal Years

EXPRESSED IN CONSTANT DOLLARS

	Year Ended June 30				
	2007	**2008**	**2009**	**2010**	**2011**
General Government	$ 5,762,296	$ 5,799,858	$ 5,818,234	$ 4,608,266	$ 5,089,025
Public Safety	14,898,476	15,890,241	15,891,702	15,817,128	15,865,817
Economic & Physical Development	818,878	940,024	946,993	1,001,936	1,566,004
Human Services	18,015,278	17,862,874	17,414,362	16,480,195	16,757,892
Culture and Recreational	3,008,349	2,984,720	2,864,059	2,516,088	2,460,757
Education	27,898,245	33,003,084	36,473,431	37,069,860	35,787,954
Debt Service:					
Principal	6,734,114	9,827,487	11,523,376	12,354,328	12,064,370
Interest and fiscal charges	7,285,859	9,866,714	11,909,367	11,421,879	10,438,161
Capital Outlay	79,725,015	55,510,640	40,903,962	14,144,200	6,176,445
Total Expenditures	$ 164,146,510	$ 151,685,642	$ 143,745,486	$ 115,413,880	$ 106,206,425

	2012	**2013**	**2014**	**2015**	**2016**
General Government	$ 4,897,229	$ 4,922,136	$ 4,877,509	$ 4,716,299	$ 5,121,253
Public Safety	17,429,588	16,759,748	18,452,677	20,416,109	21,856,049
Economic & Physical Development	1,191,472	924,455	999,948	1,075,050	1,090,989
Human Services	16,470,435	15,783,593	15,704,274	16,969,901	17,361,592
Culture and Recreational	2,522,633	2,480,290	2,519,988	2,630,954	2,729,824
Education	35,106,766	35,495,061	35,738,567	37,666,064	39,411,351
Debt Service:					
Principal	12,858,128	13,079,894	13,302,503	13,982,853	13,811,991
Interest and fiscal charges	9,962,184	9,094,789	6,563,353	6,272,512	6,024,898
Capital Outlay	2,459,146	4,800,310	2,961,518	9,275,221	9,684,422
Total Expenditures	$ 102,897,581	$ 103,340,276	$ 101,120,337	$ 113,004,963	$ 117,092,369

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, 2016.

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
2007	102,198,280	99,609,888	97.5%	2,393,922	102,003,810	99.8%
2008	124,260,991	121,081,881	97.4%	2,977,460	124,059,341	99.8%
2009	150,150,175	145,163,046	96.7%	4,624,164	149,787,210	99.8%
2010	152,553,598	148,012,751	97.0%	4,124,927	152,137,678	99.7%
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%

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
2007	49,050,779	47,808,463	97.5%	1,148,980	48,957,442	99.8%
2008	56,788,150	55,335,275	97.4%	1,360,720	56,695,995	99.8%
2009	69,612,910	67,300,768	96.7%	2,143,864	69,444,632	99.8%
2010	69,989,952	67,906,660	97.0%	1,892,472	69,799,132	99.7%
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%

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, 2016.

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

Table 14

		June 30, 2016			June 30, 2007		
Taxpayer	**Type of Business**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Allegheny Technologies (Allvac)	Metals	$ 169,714,793	1	0.71%	$ 55,901,166	4	0.35%
Union Electric Membership Corp	Utility	127,908,599	2	0.54%	75,267,428	2	0.47%
Duke Power Company	Utility	91,881,838	3	0.39%	66,564,167	3	0.41%
Charlotte Pipe & Foundry Co Inc	Plastics	85,170,662	4	0.36%	118,715,120	1	0.74%
Piedmont Natural Gas Co Inc	Utility	57,112,580	5	0.24%	42,190,443	5	0.26%
AEP Industries Inc	Manufacturing	42,470,771	6	0.18%	-		-
Wal-Mart Real Estate Business	Retail	41,593,400	7	0.17%	-		-
Inland American Monroe Poplin	Retail	31,324,500	8	0.13%	-		-
TDY Industries Inc	Manufacturing	30,456,100	9	0.13%	-		-
CSX Transportation	Utility	27,719,304	10	0.12%	-		-
Tyson Foods/Holly Farms	Poultry	-		-	31,201,770	9	0.19%
Parkdale America	Yarn Manufacturer	-		-	30,156,947	10	0.19%
NC Country Club Estates	Home Builder	-		-	40,968,461	6	0.25%
Verizon	Utility	-		-	35,538,812	7	0.22%
Alltel Carolina	Utility	-		-	33,790,444	8	0.21%
Total assessed valuation top ten taxpayers		$ 705,352,547		2.97%	$ 530,294,758		3.29%
Total county-wide assessed valuation		$ 23,796,785,051			$ 16,101,898,184		

Source: Union County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2016.

UNION COUNTY, NORTH CAROLINA **Table 15**

Property Tax Rates - All Overlapping Governments
(PER $100 OF ASSESSED VALUE)
Last Ten Fiscal Years

	Year Ended June 30									
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
UNION COUNTY										
County-wide rate	0.6367	0.7111	0.6650	0.6650	0.6650	0.6650	0.6600	0.6600	0.7614	0.7765
SUPPLEMENTAL SCHOOL DISTRICTS										
(Approved by the Voters)										
Monroe Schools District	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
County Schools District	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SUPPLEMENTAL FIRE DISTRICTS										
Hemby VFD	0.0464	0.3770	0.0493	0.0493	0.0476	0.0493	0.0526	0.0526	0.0526	0.0512
Springs VFD	0.0313	0.0312	0.0306	0.0306	0.0300	0.0315	0.0355	0.0355	0.0483	0.0474
Stallings VFD	0.0444	0.0262	0.0406	0.0406	0.0428	0.0428	0.0428	0.0428	0.0428	0.0509
Waxhaw VFD	0.0413	0.0513	0.2480	0.2480	0.0370	0.0372	0.0386	0.0386	0.0386	0.0380
Wesley VFD	0.0152	0.0167	0.0191	0.0191	0.0220	0.0220	0.0241	0.0241	0.0281	0.0282
Total County Rates										
Maximum	0.6831	1.0881	0.9130	0.7143	0.7126	0.7143	0.7126	0.7126	0.8140	0.8277
Minimum	0.6367	0.7111	0.6650	0.6650	0.6650	0.6650	0.6600	0.6600	0.7614	0.7765
Average	0.6599	0.8996	0.7890	0.6897	0.6888	0.6897	0.6863	0.6863	0.7877	0.8021
CITIES AND TOWNS										
City of Monroe	0.5300	0.5500	0.5500	0.4950	0.5550	0.5550	0.5550	0.5550	0.5550	0.5863
Downtown Monroe District	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2190
Town of Fairview	0.0200	0.0200	0.0200	0.0151	0.0200	0.0200	0.0200	0.0200	0.0200	0.0200
Town of Hemby Bridge	0.0300	0.0300	0.0300	0.0250	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Town of Indian Trail	0.1000	0.1500	0.1500	0.1450	0.1450	0.1450	0.1450	0.1850	0.1850	0.1850
Town of Marshville	0.3800	0.3800	0.3800	0.3800	0.4100	0.4100	0.4100	0.4800	0.4800	0.4800
Town of Mineral Springs	0.0270	0.0270	0.0270	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250	0.0250
Town of Mint Hill	0.2750	0.2750	0.2750	0.2750	0.2750	0.2750	0.0000	0.0000	0.0000	0.0000
Town of Stallings	0.2500	0.2500	0.2500	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	0.3400	0.3400	0.3400	0.3400	0.3600
Town of Weddington	0.0300	0.0300	0.0300	0.0300	0.0300	0.0300	0.0520	0.0520	0.0520	0.0520
Town of Wingate	0.3600	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.3900	0.4200
Village of Lake Park	0.2200	0.2300	0.2300	0.2300	0.2300	0.2300	0.2300	0.2300	0.2300	0.2300
Village of Marvin	0.0517	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
Village of Wesley Chapel	0.0200	0.0200	0.0200	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165	0.0165

N/A - Not available
Source: Union County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2016.

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

Table 16

Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	School	Unemployment Rate	Retail Sales (thousands of dollars)
2007	169,262	6,258,085	33,867	34,564	4.2%	1,217,491
2008	182,360	6,620,931	34,185	37,110	5.5%	1,200,307
2009	191,514	6,749,803	33,998	38,554	11.0%	1,162,891
2010	196,322	7,034,086	34,793	39,366	10.1%	1,076,852
2011	202,171	7,544,045	36,770	39,900	9.6%	1,122,433
2012	205,321	8,258,881	39,611	40,359	8.6%	1,197,951
2013	207,775	8,386,195	39,417	40,958	8.0%	1,321,781
2014	211,539	n/a	n/a	42,047	6.2%	1,460,830
2015	215,956	n/a	n/a	41,266	5.3%	1,610,426
2016	220,546	n/a	n/a	41,780	4.3%	1,799,712

n/a = Not available

Source: Union County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2016.

UNION COUNTY, NORTH CAROLINA
Principal Employers
Current Year

Table 17

		June 30, 2016			2007		
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%+
Tyson Farms Inc	Manufacturing	1,000+	2	1%+	1,000+	2	1%+
TDY Industries LLC	Manufacturing	1,000+	3	1%+	1,000+	6	1%+
County of Union	Public Administration	1,000+	4	1%+	1,000+	5	1%+
Harris Teeter	Trade, Transportation & Utilities	1,000+	5	1%+	500-999	-	1%
Walmart Associates Inc	Trade, Transportation & Utilities	500-999	6	1%	500-999	-	1%
Pilgrims Pride Corporation	Manufacturing	500-999	7	1%	500-999	8	1%
City of Monroe	Public Administration	500-999	8	1%	500-999	7	1%
Charlotte Mecklenburg Hospital	Education & Health Services	500-999	9	1%	500-999	-	1%
Charlotte Pipe & Foundry Company	Manufacturing	500-999	10	1%	500-999	9	1%
Union Memorial Medical Center	Education & Health Services	500-999		1%	1,000+	3	1%+
McGee Brothers Co Inc	Construction	500-999		1%	1,000+	4	1%+
Consolidated Metco Inc	Manufacturing	500-999		1%	500-999	10	1%

Source: Union County, North Carolina, Comprehensive Annual Financial Report for the year ended June 30, 2016.

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COMPLIANCE SECTION

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Independent Auditors' 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*

To the Board of Directors
Union Academy
Monroe, North Carolina

We have audited, 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, the financial statements of the governmental activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of Union Academy, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Union Academy's basic financial statements, and have issued our report thereon dated October 28, 2016.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Union Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Union Academy'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Union Academy'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, the communication is not suitable for any other purpose.

Rives & Associates LLP

Charlotte, North Carolina
October 28, 2016

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Independent Auditors' Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance in Accordance With The Uniform Guidance And The State Single Audit Implementation Act

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 each of the Union Academy's major state programs for the year ended June 30, 2016. Union Academy's major state programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Union Academy's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and applicable sections of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the 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 each major state program. However, our audit does not provide a legal determination of the 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 that could have a direct and material effect on each of its major state programs for the year ended June 30, 201.

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. In planning and performing our audit of compliance, 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 each major state program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Union Academy's internal control over compliance.

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

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

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

Rives & Associates LLP

Charlotte, North Carolina
October 28, 2016

Union Academy
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
Material weaknesses identified?	_____	yes	✓	no
Significant deficiency(s) identified that are not considered to be material weaknesses?	_____	yes	✓	none reported
Noncompliance material to financial statements noted	_____	yes	✓	no

State Awards

Internal control over major State programs:				
Material weaknesses identified?	_____	yes	✓	no
Significant deficiency(s) identified that are not considered to be material weakness(es)?	_____	yes	✓	none reported
Type of auditors' report issued on compliance for major State programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act	_____	yes	✓	no

Identification of major State programs:

Program Name
State Public School Fund - Charter Schools

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding: None reported.

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

Finding: None reported.

Union Academy
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2016

Year Ended June 30,

2015	None reported
2014	None reported
2013	None reported

Union Academy
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2016

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Expenditures
Federal Grants:			
U.S. Department of Education			
Passed-through the N.C. Department of Public Instruction:			
Office of Elementary and Secondary Education			
Improving Teacher Quality Cluster:			
- Teacher Quality Enhancement-NCLB Title IIA	84.367	PRC 103	$ 5,165
			5,165
Office of Special Education and Rehabilitative Services			
Passed-through the N.C. Department of Public Instruction:			
Special Education Cluster:			
Individuals with Disabilities Education Act			
-IDEA VI B Handicapped	84.027	PRC 060	158,512
-IDEA VI B Special Needs Targeted Assistance	84.027	PRC 118	3,254
Total Special Education Cluster:			161,766
Total federal assistance			166,931
State Grants:			
N.C. Department of Public Instruction:			
State Public School Fund-Charter School	N/A	PRC 036	7,397,515
Exceptional Children Division			
Behavioral Support	N/A	PRC 029	20,471
Total State assistance			7,417,986
Total federal and State assistance			$ 7,584,917

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

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. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requiremnts for Federal Awards and the State Single Audit Implementation Act. Because the SEFSA presents only a select portion of the operations of the Union Academy, it is not intended to and does not present the financial position, changes in net position or cash flows of the Union Academy.

Summary of Significant Accounting Policies

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

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