

REVIEWED

By SLGFD at 9:49 am, Dec 22, 2021

TOWN OF UNIONVILLE, NORTH CAROLINA

FINANCIAL STATEMENTS

Year Ended June 30, 2021

JBW

J. B. WATSON & Co., P.L.L.C.

Certified Public Accountants

TOWN OF UNIONVILLE, NORTH CAROLINA
LOCAL GOVERNMENT OFFICIALS
June 30, 2021

Randy K. Baucom, Mayor

Town Council

Kenneth M. Brown, Jr., Mayor Pro Tem

Gene Price

Jaren Simpson

Jeff Broadaway

Andrew Benton

Administrative and Financial Staff

Sonya W. Gaddy, Town Clerk/Tax Collector/Land Use Administrator

Darrell Baucom, Town Budget and Finance Director

TOWN OF UNIONVILLE, NORTH CAROLINA
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FINANCIAL SECTION

J. B. WATSON & CO., P.L.L.C.

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Town of Unionville, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 financial statement presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Town of Unionville, North Carolina, as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (on pages i through viii) and the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions (on pages 21 and 22) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

J. B. Watson & Co., PLLC

Wadesboro, North Carolina
December 1, 2021

Management's Discussion and Analysis

Town of Unionville, North Carolina

As management of the Town of Unionville, North Carolina, we offer readers of the Town of Unionville's financial statements this narrative overview and analysis of the financial activities of the Town of Unionville for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

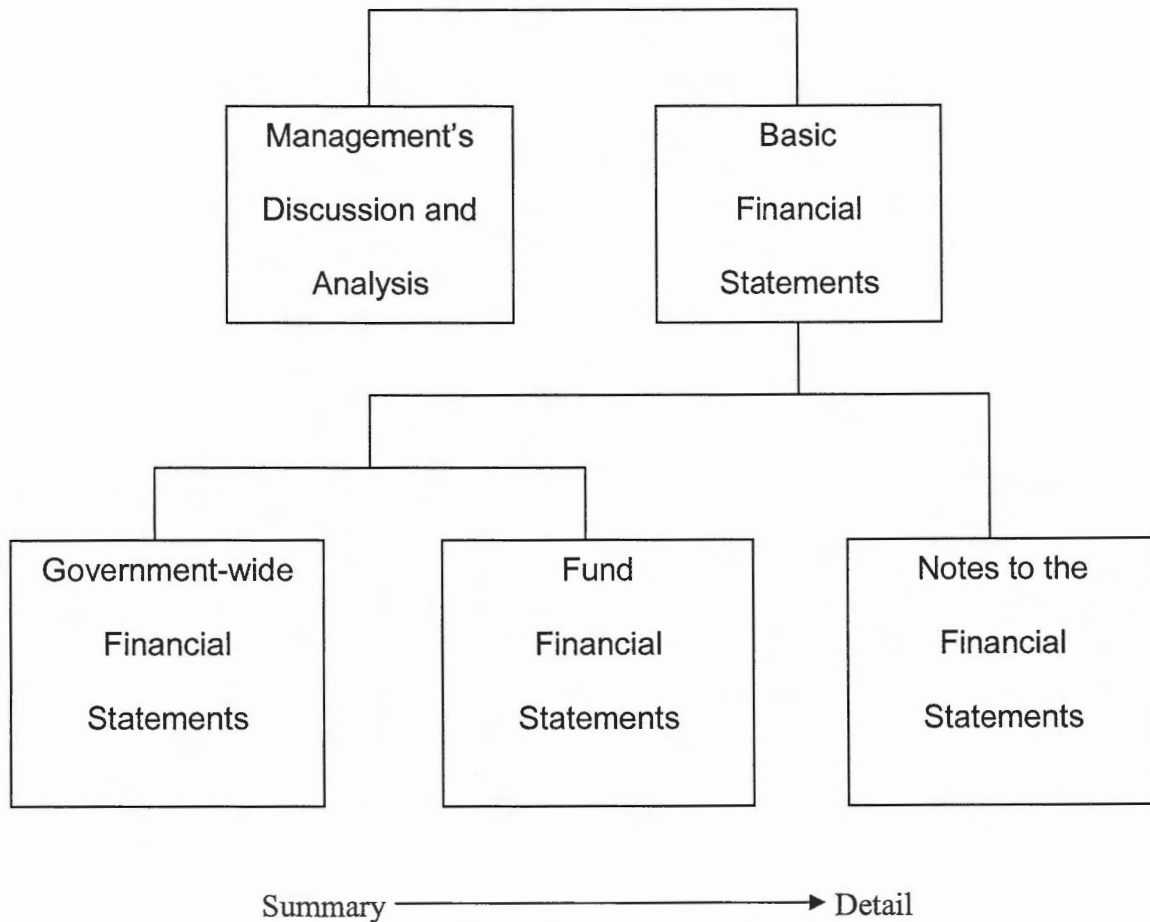
- The assets and deferred outflows of resources of the Town of Unionville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,299,753 (*net position*).
- The government's total net position increased by \$103,499.
- As of the close of the current fiscal year, the Town of Unionville's governmental fund reported an ending fund balance of \$3,221,042, an increase of \$99,547 in comparison with the prior year. Approximately 2.0 percent of this total amount, or \$66,251, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,154,791, or 896.14 percent, of total General Fund expenditures for the fiscal year.
- Town of Unionville has no long-term debt at the end of the current fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3-1 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements and 2) the budgetary comparison statement.

Management's Discussion and Analysis

Town of Unionville, North Carolina

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes is **Required Supplementary Information**. This section contains funding information about the Town's pension plan. Also after the notes, **supplemental information** is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Town'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* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Management's Discussion and Analysis

Town of Unionville, North Carolina

The Town of Unionville adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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 are on pages 8-20 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Town of Unionville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 21 of this report.

Interdependence with Other Entities: The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Management's Discussion and Analysis
Town of Unionville, North Carolina

Government-Wide Financial Analysis

TOWN OF UNIONVILLE
NET POSITION
FIGURE 2

	Governmental Activities	
	2021	2020
Current and other assets	\$ 3,251,592	\$ 3,211,609
Capital assets, net	69,453	62,134
Deferred outflows of resources	17,208	16,523
Total assets and deferred outflows of resources	<u>3,338,253</u>	<u>3,290,266</u>
Current liabilities	18,846	77,353
Net pension liability	19,654	16,659
Deferred inflows of resources	-	-
Total liabilities and deferred inflows of resources	<u>38,500</u>	<u>94,012</u>
Net position:		
Net investment in capital assets	69,453	62,134
Restricted	63,353	57,129
Unrestricted	<u>3,166,947</u>	<u>3,076,991</u>
Total Net Position	<u>\$ 3,299,753</u>	<u>\$ 3,196,254</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of Unionville exceeded liabilities and deferred inflows of resources by \$3,299,753 as of June 30, 2021. The Town's net position increased by \$103,499 for the fiscal year ended June 30, 2021. \$69,453 or 2.10% reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The Town of Unionville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of Town of Unionville's net position \$63,353 or 1.92% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,166,947 is unrestricted.

Management's Discussion and Analysis
Town of Unionville, North Carolina

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

- Tax revenues increased by \$16,130 or 3.88 percent.
- Expenditures were controlled with budget procedures.

TOWN OF UNIONVILLE
CHANGES IN NET POSITION
FIGURE 3

	Governmental Activities	
	2021	2020
Revenues		
Program Revenues:		
Charges for services	\$ 12,554	\$ 12,502
General Revenues:		
Property taxes	122,048	116,137
Other taxes and licenses	309,500	299,281
Investment earnings, unrestricted	6,430	57,704
Miscellaneous	-	380
Total Revenues	<u>450,532</u>	<u>486,004</u>
Expenses		
Program Expenses:		
General government	215,187	194,190
Public safety	114,000	114,000
Environmental protection	8,000	8,000
Economic and physical development	9,846	6,785
Total Expenses	<u>347,033</u>	<u>322,975</u>
Increase in net position	103,499	163,029
Net Position, July 1	<u>3,196,254</u>	<u>3,033,225</u>
Net Position, June 30	<u>\$ 3,299,753</u>	<u>\$ 3,196,254</u>

Governmental activities: Governmental activities increased the Town's net position by \$103,499. Key elements of this increase are as follows:

- Increase in tax revenues of \$16,130.
- Budget procedures to control expenditures.

Management's Discussion and Analysis

Town of Unionville, North Carolina

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Unionville. At the end of the current fiscal year, Town of Unionville's fund balance available in the General Fund was \$3,154,791, while total fund balance reached \$3,221,042. The Town currently has an available fund balance of 896.14% of General Fund expenditures, while total fund balance represents 914.96% of the same amount.

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

The Town of Unionville made one major budget amendment. An amendment was required near year-end to more accurately reflect revenues and expenditures. The Town was able to comply with its budgetary requirements at all levels.

Capital Assets and Debt Administration

Capital Assets: The Town of Unionville's investment in capital assets for its governmental activities as of June 30, 2021, totals \$69,453 (net of accumulated depreciation). These assets include buildings, land, improvements, and office equipment.

Major capital asset transactions during the year include the following:

- Depreciation of capital assets for governmental activities in the amount of \$3,700.
- Acquisition of office furniture and copier in the amount of \$11,019.

Management's Discussion and Analysis
Town of Unionville, North Carolina

TOWN OF UNIONVILLE
CAPITAL ASSETS (net of depreciation)
FIGURE 4

<u>Description</u>	<u>Governmental</u> <u>Activities</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 19,800	\$ 19,800
Buildings	23,685	25,098
Improvements	14,054	15,088
Furniture and equipment	11,914	2,148
	<u>\$ 69,453</u>	<u>\$ 62,134</u>

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

Debt Administration: The Town of Unionville had no debt for the year ended June 30, 2021, other than net pension liability.

Economic Factors and Next Year's Budgets and Rates

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

The Town expects slow revenue growth in the future due to the following economic indicators.

- Revenues and expenditures are expected to remain steady for 2021-2022.
- Property tax rate for 2020-2021 will remain at \$.02/\$100 of valuation.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: The Town has no major changes in the budget for June 30, 2022, compared to the June 30, 2021, budget. Revenues and expenditures are expected to remain steady.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Town Budget and Finance Director, Darrell Baucom, 1102 Unionville Church Road, Monroe, North Carolina, 28110. One can also call (704)-226-1989, visit our website www.unionvillenc.com, or send an email to townofunionville@aol.com.

BASIC FINANCIAL STATEMENTS

TOWN OF UNIONVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2021

Exhibit 1

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 3,173,637
Taxes receivable	8,670
Accrued interest receivable on taxes	3,034
Prepaid expenditures	2,898
Due from other governments	<u>63,353</u>
TOTAL CURRENT ASSETS	<u>3,251,592</u>
CAPITAL ASSETS	
Land	19,800
Other capital assets, net of depreciation	<u>49,653</u>
TOTAL CAPITAL ASSETS	<u>69,453</u>
TOTAL ASSETS	<u>3,321,045</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	<u>17,208</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	10,024
Due to other governments	<u>8,822</u>
TOTAL CURRENT LIABILITIES	18,846
LONG-TERM LIABILITIES	
Net pension liability	<u>19,654</u>
TOTAL LIABILITIES	<u>38,500</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	<u>-</u>
NET POSITION	
Net investment in capital assets	69,453
Restricted for:	
Stabilization by State statute	63,353
Unrestricted	<u>3,166,947</u>
TOTAL NET POSITION	<u>\$ 3,299,753</u>

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

TOWN OF UNIONVILLE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Exhibit 2

		Program Revenues			Net (Expense)
			Operating	Capital	Revenue and
	Expenses	Charges for	Grants and	Grants and	Changes in
		Services	Contributions	Contributions	Net Position
<u>Functions/Programs</u>					<u>Governmental</u>
					<u>Activities</u>
Governmental activities:					
General government	\$ 215,187	\$ -	\$ -	\$ -	\$ (215,187)
Public safety	114,000	-	-	-	(114,000)
Environmental protection	8,000	-	-	-	(8,000)
Economic and physical development	9,846	12,554	-	-	2,708
Total governmental activities	<u>\$ 347,033</u>	<u>\$ 12,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(334,479)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					122,048
Local option sales taxes					47,839
Other taxes and licenses					261,661
Investment earnings, unrestricted					<u>6,430</u>
				Total general revenues	<u>437,978</u>
				Change in net position	103,499
Net position, beginning					<u>3,196,254</u>
				Net position, ending	<u>\$ 3,299,753</u>

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

TOWN OF UNIONVILLE, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

Exhibit 3-1

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 3,173,637
Taxes receivable	8,670
Prepaid expenditures	2,898
Due from other governments	<u>63,353</u>
TOTAL ASSETS	<u><u>\$ 3,248,558</u></u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 10,024
Due to other governments	<u>8,822</u>
TOTAL LIABILITIES	<u>18,846</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes receivable	<u>8,670</u>
FUND BALANCES	
Nonspendable:	
Prepaid expenditures	2,898
Restricted:	
Stabilization by State statute	63,353
Unassigned	<u>3,154,791</u>
TOTAL FUND BALANCES	<u>3,221,042</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 3,248,558</u></u>

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

TOWN OF UNIONVILLE, NORTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
June 30, 2021

Exhibit 3-2

Fund balances - Total governmental funds (Exhibit 3-1) **\$ 3,221,042**

Amounts reported for governmental activities in the statement of net position
(Exhibit 1) are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds:

Capital assets	134,682
Less: Accumulated depreciation	(65,229)

Deferred outflows of resources related to pensions are not reported in the funds.	17,208
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Other long-term assets are not available to pay for current-period expenditures and therefore are inflows of resources in the funds:	
Accrued interest receivable on taxes	3,034

Earned revenues considered deferred inflows of resources in fund statements.	8,670
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Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:	
Net pension liability	(19,654)

Deferred inflows of resources related to pensions are not reported in the funds.	-
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Net position of governmental activities (Exhibit 1) **\$ 3,299,753**

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

TOWN OF UNIONVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

Exhibit 4-1

	<u>General Fund</u>
REVENUES	
Ad valorem taxes	\$ 123,105
Unrestricted intergovernmental	304,296
Restricted intergovernmental	5,204
Permits and fees	12,554
Investment earnings	<u>6,430</u>
TOTAL REVENUES	<u>451,589</u>
EXPENDITURES	
General government	220,196
Public safety	114,000
Environmental protection	8,000
Economic and physical development	<u>9,846</u>
TOTAL EXPENDITURES	<u>352,042</u>
NET CHANGE IN FUND BALANCE	99,547
FUND BALANCE, beginning	<u>3,121,495</u>
FUND BALANCE, ending	<u><u>\$ 3,221,042</u></u>

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

TOWN OF UNIONVILLE, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Exhibit 4-2

Net change in fund balances - total governmental funds (Exhibit 4-1) \$ 99,547

Amounts reported for governmental activities in the statement of activities
(Exhibit 2) are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, however, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay expenditures	11,019
Depreciation expense for governmental assets	(3,700)

Contributions to the pension plan in the current fiscal year are not included on the statement of activities.	7,054
---	-------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Decrease in accrued interest on property taxes	(335)
Change in unavailable revenue for tax revenues	(722)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Pension expense	<u>(9,364)</u>
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Total change in net position of governmental activities (Exhibit 2) \$ 103,499

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

TOWN OF UNIONVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2021

Exhibit 5

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 115,500	\$ 115,500	\$ 123,105	\$ 7,605
Unrestricted intergovernmental	284,000	284,000	304,296	20,296
Restricted intergovernmental	5,000	5,000	5,204	204
Permits and fees	10,000	10,000	12,554	2,554
Investment earnings	30,000	6,400	6,430	30
TOTAL REVENUES	<u>444,500</u>	<u>420,900</u>	<u>451,589</u>	<u>30,689</u>
EXPENDITURES				
General government	214,516	235,666	220,196	15,470
Public safety	114,000	114,000	114,000	-
Environmental protection	8,000	8,000	8,000	-
Economic and physical development	9,000	10,000	9,846	154
TOTAL EXPENDITURES	<u>345,516</u>	<u>367,666</u>	<u>352,042</u>	<u>15,624</u>
REVENUES OVER EXPENDITURES	98,984	53,234	99,547	46,313
UNAPPROPRIATED FUND BALANCE	<u>(98,984)</u>	<u>(53,234)</u>	<u>-</u>	<u>53,234</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	99,547	<u>\$ 99,547</u>
FUND BALANCE, beginning			<u>3,121,495</u>	
FUND BALANCE, ending			<u><u>\$3,221,042</u></u>	

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

TOWN OF UNIONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

Town of Unionville is a municipal corporation which is governed by an elected mayor and a five-member council.

B. BASIS OF PRESENTATION

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component units, if any. These statements include the financial activities of the overall government. 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 Town; however, Town of Unionville does not have any business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Statements for the Town's only fund category – *governmental* – are presented.

The Town reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources, except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, other taxes and licenses, permits and fees, and investment income. The primary expenditures are for general government and public safety.

The Town has no other funds to report.

TOWN OF UNIONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

It is the Town's policy to abate in its entirety any ad valorem taxes related to farm property subject to Union County's deferment program. For the fiscal year ended June 30, 2021, such property totaled \$30,962,250, resulting in an ad valorem tax adjustment of \$6,192.

TOWN OF UNIONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Sales taxes and certain intergovernmental revenues, such as the utilities sales tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for Town of Unionville because the tax is levied by Union County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes, are reported as general revenues rather than program revenues. Expenditure-driven grants are reported as revenues when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

D. BUDGETARY DATA

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted as needed. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the object level for all annually budgeted funds and for any multi-year funds. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND FUND EQUITY

DEPOSITS AND INVESTMENTS

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

CASH AND CASH EQUIVALENTS

The Town maintains its funds in separate checking, savings, and certificates of deposit at two separate banking institutions to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

TOWN OF UNIONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

AD VALOREM TAXES RECEIVABLE

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020.

ALLOWANCES FOR DOUBTFUL ACCOUNTS

Allowances for doubtful accounts are not maintained by the Town due to expected collectability of all accounts receivable.

PREPAID EXPENDITURES

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures in both government-wide and fund financial statements and expensed as the items are used.

CAPITAL ASSETS

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land \$5,000; buildings and improvements \$5,000; and furniture and equipment \$2,500. Donated capital assets received prior to June 16, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the Town are depreciated on a straight-line basis over the following estimated useful lives:

Buildings and improvements	5-40 years
Furniture and equipment	5-15 years

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

TOWN OF UNIONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

COMPENSATED ABSENCES

The Town has one full time employee who earns two weeks paid vacation each year. Employees must take vacation leave in the year earned and are not allowed to carry forward any vacation to subsequent years. The Town does not provide for accumulated sick pay for its employees; therefore, no provision has been made in the accompanying financial statements for compensated absences.

NET POSITION/FUND BALANCES

NET POSITION:

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

FUND BALANCES:

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

The governmental fund types classify fund balances as follows:

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.

Prepaid expenditures - portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenses, which are not spendable resources.

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

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

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Unionville's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of

TOWN OF UNIONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The Town does not have any committed fund balance this year.

Assigned Fund Balance - portion of fund balance that the Town intends to use for specific purposes. The Town does not have any assigned fund balance this year.

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

DEFINED BENEFIT COST-SHARING PLANS

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

For the fiscal year ended June 30, 2021, the Town had no material instances of noncompliance with North Carolina General Statutes or budgetary requirements.

NOTE 3 - DETAIL NOTES ON ALL FUNDS

A. ASSETS

DEPOSITS

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization.

TOWN OF UNIONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all Pooling Method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$3,173,537 and a bank balance of \$3,171,665. At June 30, 2021, the Town's bank balances exceeded federally insured limits by \$2,750,737. All deposits of the Town are insured or collateralized under the Pooling Method. At June 30, 2021, the Town's petty cash totaled \$100.

RECEIVABLES

Virtually all ad valorem taxes and accounts receivable are collected, and accordingly, allowances for doubtful accounts are not considered material or necessary.

CAPITAL ASSETS

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 19,800	\$ -	\$ -	\$ 19,800
Capital assets being depreciated:				
Buildings	53,707	-	-	53,707
Improvements	28,626	-	-	28,626
Furniture and equipment	<u>21,530</u>	<u>11,019</u>	<u>-</u>	<u>32,549</u>
Total capital assets being depreciated	<u>103,863</u>	<u>11,019</u>	<u>-</u>	<u>114,882</u>
Less accumulated depreciation for:				
Buildings	28,609	1,413	-	30,022
Improvements	13,538	1,034	-	14,572
Furniture and equipment	<u>19,382</u>	<u>1,253</u>	<u>-</u>	<u>20,635</u>
Total accumulated depreciation	<u>61,529</u>	<u>3,700</u>	<u>-</u>	<u>65,229</u>
Total capital assets being depreciated, net	<u>42,334</u>			<u>49,653</u>
Governmental activities capital assets, net	<u>\$ 62,134</u>			<u>\$ 69,453</u>

TOWN OF UNIONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

Depreciation expense was charged to governmental departments as follows:

General government	\$ <u>3,700</u>
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B. LIABILITIES

PENSION PLAN OBLIGATIONS

Local Governmental Employees' Retirement System

Plan Description: Town of Unionville is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer, defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities (the Town does not have any LEOs). Article 3 of G. S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members.

The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions: Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Unionville's employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Town of Unionville's contractually required contribution rate for the year ended June 30, 2021, was 10.15% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from Town of Unionville were \$7,054 for the year ended June 30, 2021.

TOWN OF UNIONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

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

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

At June 30, 2021, the Town reported a liability of \$19,654 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021, the Town's proportion was 0.00055% (measured as of June 30, 2020), which was a decrease of 0.00006% from its proportion as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the Town recognized pension expense of \$9,364. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,482	\$ -
Changes of assumptions	1,463	-
Net difference between projected and actual earnings on pension plan investments	2,766	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	3,443	-
Town contributions subsequent to the measurement date	7,054	-
Total	<u>\$ 17,208</u>	<u>\$ -</u>

TOWN OF UNIONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

\$7,054 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2022	\$ 3,846
2023	3,685
2024	1,804
2025	819
2026	-
Thereafter	-

Actuarial Assumptions: The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The plan actuary currently uses mortality rates based on *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e., general, law enforcement officer) and health status (i.e., disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of

TOWN OF UNIONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 39,876	\$ 19,654	\$ 2,848

TOWN OF UNIONVILLE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources at year-end are comprised of the following:

Contributions to pension plan in current fiscal year	\$	7,054
Difference between expected and actual experience		2,482
Changes of assumptions		1,463
Net difference between projected and actual earnings on pension plan investments		2,766
Changes in proportion and differences between employer contributions and proportionate share of contributions		3,443
	\$	<u>17,208</u>

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

Taxes receivable (General Fund)	\$	<u>8,670</u>
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RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in an insurance pool administered by the North Carolina Interlocal Risk Management Agency. Through this pool, the Town obtains general liability and auto liability coverage of \$5 million per occurrence, and property coverage up to the total insurance values of the property policy.

The Town carries commercial insurance for workers' compensation coverage, cyber security, and other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded insurance coverage in any of the past three fiscal years.

The Town carries flood insurance with a deductible of \$25,000. The Town also participates in the National Flood Insurance Program (NFIP). NFIP is managed by the Federal Emergency Management Agency (FEMA) and enables homeowners and businesses in participating communities to purchase federally backed flood insurance.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer and the tax collector/town clerk are bonded for \$100,000 and \$25,000, respectively. The Town also has a blanket bond for \$50,000.

TOWN OF UNIONVILLE, NORTH CAROLINA
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June 30, 2021

COMMITMENTS

Town of Unionville entered into an interlocal agreement dated February 20, 2011. Under this agreement, the Town and two other municipalities are obligated to equally pay for any operating deficit incurred by Piedmont Collection Site. The municipalities are only liable for up to \$8,000 each per fiscal year. These municipalities agreed to pay for the operating deficit in order to keep the landfill open. This agreement automatically renews for successive annual terms.

CLAIMS AND JUDGMENTS

The Town is and may be subject to various lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate impact of any of these legal matters will not materially affect the Town's financial position.

LONG-TERM OBLIGATIONS

At June 30, 2021, Town of Unionville had a legal debt margin of \$48,969,203.

CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes in the Town's long-term liabilities for the year ended June 30, 2021:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Due Within One Year
Governmental activities:					
Net pension liability (LGRS)	\$ 16,659	\$ 2,995	\$ -	\$ 19,654	\$ -

C. FUND BALANCE

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

Total fund balance - General Fund	\$3,221,042
Less:	
Nonspendable - Prepaid expenditures	2,898
Stabilization by State statute	<u>63,353</u>
Unassigned fund balance	<u>\$3,154,791</u>

NOTE 4 - SUBSEQUENT EVENTS

As part of the American Rescue Plan, the Town has been awarded \$215,268 of federal funds from the Coronavirus State and Local Fiscal Recovery Funds. The first installment of \$107,634 was received in August, 2021. The second installment will be received no sooner than one year after the first disbursement. The Town has until December 31, 2024, to encumber these funds and until December 31, 2026, to spend all funds. These funds can only be used for allowable categories outlined by the United States Treasury for pandemic recovery. The Town has not yet decided how these funds will be spent.

REQUIRED SUPPLEMENTARY INFORMATION

This section contains information required by generally accepted accounting principles:

- Schedule of the Proportionate Share of the Net Pension Liability (Asset) - Local Governmental Employees' Retirement System
- Schedule of Contributions - Local Governmental Employees' Retirement System

**TOWN OF UNIONVILLE, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY (ASSET)
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
Last Eight Fiscal Years***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset) (%)	0.00055%	0.00061%	0.00075%	0.00081%	0.00084%	0.00088%	0.00075%	0.00070%
Town's proportionate share of the net pension liability (asset) (\$)	\$ 19,654	\$ 16,659	\$ 17,793	\$ 12,375	\$ 17,828	\$ 3,950	\$ (4,422)	\$ 8,438
Town's covered payroll	\$ 64,170	\$ 61,888	\$ 62,769	\$ 60,056	\$ 58,474	\$ 57,765	\$ 36,435	\$ 37,537
Town's proportion of the net pension liability (asset) as a percentage of its covered payroll	30.63%	26.92%	28.35%	20.61%	30.49%	6.83%	(12.14%)	22.48%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ended June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

TOWN OF UNIONVILLE, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
Last Eight Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 7,054	\$ 5,743	\$ 4,796	\$ 8,417	\$ 7,903	\$ 7,407	\$ 7,394	\$ 2,887
Contributions in relation to the contractually required contribution	<u>7,054</u>	<u>5,743</u>	<u>4,796</u>	<u>8,417</u>	<u>7,903</u>	<u>7,407</u>	<u>7,394</u>	<u>2,887</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 69,493	\$ 64,170	\$ 61,888	\$ 62,769	\$ 60,056	\$ 58,474	\$ 57,765	\$ 36,435
Contributions as a percentage of covered payroll	10.15%	8.95%	7.75%	13.41%	13.16%	12.67%	12.80%	7.92%

INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

TOWN OF UNIONVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2021

Exhibit A-1
Page 1 of 2

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Ad valorem taxes:			
Taxes	\$ 115,500	\$ 122,261	\$ 6,761
Penalties and interest	-	844	844
Total	<u>115,500</u>	<u>123,105</u>	<u>7,605</u>
Unrestricted intergovernmental:			
Local option sales taxes	36,000	47,839	11,839
Beer and wine tax	28,000	29,458	1,458
Telecommunications sales tax	-	39,977	39,977
Piped natural gas sales tax	-	411	411
Utilities sales tax	220,000	161,028	(58,972)
Video franchise fee	-	25,583	25,583
Total	<u>284,000</u>	<u>304,296</u>	<u>20,296</u>
Restricted intergovernmental:			
Solid waste disposal tax	<u>5,000</u>	<u>5,204</u>	<u>204</u>
Permits and fees:			
Zoning fees and permits	<u>10,000</u>	<u>12,554</u>	<u>2,554</u>
Investment earnings	<u>6,400</u>	<u>6,430</u>	<u>30</u>
TOTAL REVENUES	<u>420,900</u>	<u>451,589</u>	<u>30,689</u>
EXPENDITURES			
General government:			
Salaries	87,000	84,397	2,603
Payroll taxes	6,700	6,635	65
Retirement benefits	7,100	7,054	46
Advertising	2,200	2,041	159
Bank service charges	600	515	85
Capital outlay	12,000	11,019	981
Collection fees	600	523	77
Consulting	3,000	2,864	136
Contributions	24,400	22,700	1,700

TOWN OF UNIONVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2021

Exhibit A-1
Page 2 of 2

	Final Budget	Actual	Variance Positive (Negative)
Dues and subscriptions	9,000	8,783	217
Insurance	10,112	8,790	1,322
Maintenance and repairs	15,000	14,713	287
Miscellaneous	1,500	1,097	403
Office supplies	6,500	5,584	916
Postage and delivery	2,600	2,249	351
Audit fees	9,600	9,530	70
Legal fees	9,500	7,160	2,340
Travel	2,400	2,260	140
Utilities	23,354	20,304	3,050
Training	500	-	500
Security	2,000	1,978	22
Total general government	235,666	220,196	15,470
Public safety:			
Contributions to volunteer fire department	114,000	114,000	-
Environmental protection:			
Sanitation contracted services	8,000	8,000	-
Economic and physical development:			
Zoning administration	10,000	9,846	154
TOTAL EXPENDITURES	367,666	352,042	15,624
REVENUES OVER EXPENDITURES	53,234	99,547	46,313
UNAPPROPRIATED FUND BALANCE	(53,234)	-	53,234
NET CHANGE IN FUND BALANCE	\$ -	99,547	\$ 99,547
FUND BALANCE, beginning		3,121,495	
FUND BALANCE, ending		\$ 3,221,042	

OTHER SCHEDULES

TOWN OF UNIONVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2021

Exhibit B-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 121,676	\$ 119,546	\$ 2,130
2019-2020	1,865	-	800	1,065
2018-2019	1,315	-	348	967
2017-2018	1,403	-	363	1,040
2016-2017	890	-	186	704
2015-2016	718	-	126	592
2014-2015	792	-	215	577
2013-2014	633	-	152	481
2012-2013	685	-	110	575
2011-2012	598	-	59	539
2010-2011	493	-	493	-
	<u>\$ 9,392</u>	<u>\$ 121,676</u>	<u>\$ 122,398</u>	<u>\$ 8,670</u>

Reconcilement with revenues:

Ad Valorem Taxes - General Fund	\$ 123,105
Reconciling items:	
Interest collected	(844)
Taxes written off	457
Collection of taxes previously written-off	(113)
Other adjustments	<u>(207)</u>
Total collections and credits	<u>\$ 122,398</u>

TOWN OF UNIONVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY - TOWN-WIDE LEVY
For the Year Ended June 30, 2021

Exhibit B-2

	Town-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 612,115,036	\$ 0.02	\$ 122,423	\$ 104,089	\$ 18,334
Penalties and adjustments	-		(747)	(747)	-
Total	612,115,036		121,676	103,342	18,334
Discoveries:					
Current year taxes	-	0.02	-	-	-
Releases	-		-	-	-
Total property valuation	<u>\$ 612,115,036</u>				
Net levy			121,676	103,342	18,334
Unpaid (by taxpayer) taxes at June 30, 2021			(2,130)	(2,130)	-
Current year's taxes collected			<u>\$ 119,546</u>	<u>\$ 101,212</u>	<u>\$ 18,334</u>
Current levy collection percentage			<u>98.25%</u>	<u>97.94%</u>	<u>100.00%</u>