PRELIMINARY OFFICIAL STATEMENT DATED JUNE 20, 2025

Ratings:
Moody's: Aaa
S&P: AAA
Fitch: AAA
(See "Ratings" herein)

NEW ISSUE—Book-Entry Only

This Official Statement has been prepared by the Local Government Commission of North Carolina and the County of Union, North Carolina to provide information in connection with the sale and issuance of the Bonds described herein. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Bonds, a prospective investor should read this Official Statement in its entirety. Unless indicated, capitalized terms used on this cover page have the meanings given in this Official Statement.

County of Union, North Carolina

\$13,000,000 **General Obligation Public Facility Bonds** **Series 2025A**	**\$72,150,000** **General Obligation Public Improvement Bonds** **Series 2025B**

Dated: Date of Delivery **Due: As shown on inside cover page**

Tax Treatment	In the opinion of Parker Poe Adams & Bernstein LLP, Bond Counsel, under existing law, (1) assuming compliance by the County with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of federal individual alternative minimum tax; provided, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations, and (2) interest on the Bonds is exempt from State of North Carolina income taxation. See **"TAX TREATMENT"** herein.
Redemption	The Bonds (as defined herein) will be subject to optional redemption prior to maturity at the times and price set forth herein.
Security	The Bonds constitute general obligations of the County, secured by a pledge of the faith and credit and taxing power of the County.
Interest Payment Dates	March 1 and September 1, commencing March 1, 2026.
Denominations	\$5,000 or any integral multiple thereof.
Expected Closing/Settlement	2025A Bonds: July 22, 2025. 2025B Bonds: July 23, 2025.
Bond Counsel	Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina.
Financial Advisor	Davenport & Company LLC, Charlotte, North Carolina.
Sale Date	July 1, 2025.
Sale of Bonds	Pursuant to sealed and electronic bids in accordance with the Notice of Sale.

This date of this Official Statement is July __, 2025.

MATURITY SCHEDULES

$13,000,000
General Obligation Public Facility Bonds, Series 2025A

Due September 1	Amount	Rate	Yield[1]	CUSIP+
2026	$650,000			
2027	650,000			
2028	650,000			
2029	650,000			
2030	650,000			
2031	650,000			
2032	650,000			
2033	650,000			
2034	650,000			
2035	650,000			
2036	650,000			
2037	650,000			
2038	650,000			
2039	650,000			
2040	650,000			
2041	650,000			
2042	650,000			
2043	650,000			
2044	650,000			
2045	650,000			

$72,150,000
General Obligation Public Improvement Bonds, Series 2025B

Due September 1	Amount	Rate	Yield[1]	CUSIP+
2026	$3,615,000			
2027	3,615,000			
2028	3,615,000			
2029	3,615,000			
2030	3,615,000			
2031	3,605,000			
2032	3,605,000			
2033	3,605,000			
2034	3,605,000			
2035	3,605,000			
2036	3,605,000			
2037	3,605,000			
2038	3,605,000			
2039	3,605,000			
2040	3,605,000			
2041	3,605,000			
2042	3,605,000			
2043	3,605,000			
2044	3,605,000			
2045	3,605,000			

[1] Information obtained from the underwriters of the Bonds.
[+] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. CUSIP data herein is provided for convenience of reference only. The Local Government Commission, the County and their respective agents do not take responsibility for the accuracy of such data. Also, investors should be aware that under certain circumstances the CUSIP identification number assigned to a maturity of the Bonds may be changed to a new replacement number.

COUNTY OF UNION, NORTH CAROLINA

Board of Commissioners

Melissa Merrell .... Chairman

Brian Helms .... Vice-Chairman

Clancy Baucom

Christina Helms

Gary Sides

County Staff

Brian Matthews .... County Manager

Beverly Liles .... Finance Director

Jason Kay, Esq. .... County Attorney

Financial Advisor

Davenport & Company LLC
Charlotte, North Carolina

Bond Counsel

Parker Poe Adams & Bernstein LLP
Charlotte, North Carolina

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DEPARTMENT OF STATE TREASURER

BRADFORD B. BRINER
STATE TREASURER OF NORTH CAROLINA

STATE AND LOCAL GOVERNMENT FINANCE DIVISION
LOCAL GOVERNMENT COMMISSION

INTRODUCTION

This Official Statement, including the cover page and the appendices hereto, is intended to furnish information in connection with the sale and issuance of $85,150,000 General Obligation Bonds consisting of $13,000,000 General Obligation Public Facility Bonds, Series 2025A (the "2025A Bonds") and $72,150,000 General Obligation Public Improvement Bonds, Series 2025B (the "2025B Bonds" and, together with the 2025A Bonds, the "Bonds") of the County of Union, North Carolina (the "County").

The information furnished herein includes a brief description of the County and its economic condition, government, debt management, tax structure, financial operations, budget, pension plans and contingent liabilities. The County has assisted the Local Government Commission in gathering and assembling the information contained herein.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds offered hereby, nor shall there be any offer or solicitation of such offer or sale of the Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the Bonds implies that the information herein is correct as of any date subsequent to the date hereof. The information contained herein is subject to change after the date of this Official Statement, and this Official Statement speaks only as of its date.

This Official Statement is deemed to be a final official statement with respect to the Bonds within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule") except when it is in its preliminary form, for the omission of certain pricing and other information to be made available by the successful bidder or bidders for the Bonds by the Commission. In accordance with the requirements of the Rule, the County has agreed in a resolution adopted by the Board of Commissioners of the County to certain continuing disclosure obligations. See the caption "Continuing Disclosure" herein.

THE LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA

The Local Government Commission of North Carolina (the "Commission"), a division of the Department of State Treasurer, State of North Carolina (the "State"), is a State agency that supervises the issuance of the bonded indebtedness of all units of local government and assists these units in the area of fiscal management. Appendix B to this Official Statement contains additional information concerning the Commission and its functions.

THE BONDS

Description

The Bonds will be dated as of their date of delivery and will bear interest from their date. Interest on the Bonds will be payable semiannually on each March 1 and September 1, commencing March 1, 2026. The Bonds will mature on the dates set forth on the inside cover page of this Official Statement. The County will make Bond payments to the person shown as owner on the County's registration books as of the **Record Date** for the Bonds, which is the end of the calendar day on the 15th day of the month (whether or not a business day) preceding each payment date.

The Bonds will be issuable as fully registered bonds in a book-entry system maintained by The Depository Trust Company, a New York corporation (the "DTC"). DTC will act as securities depository for the Bonds. Purchases and transfers of the Bonds may be made only in denominations of $5,000 and in accordance with the practices and procedures of DTC. See Appendix G hereto for a description of the book-entry only system and DTC.

Redemption Provisions

The Bonds maturing on and after September 1, 2036 are subject to redemption prior to their stated maturities at the option of the County on or after September 1, 2035 in whole or in part at any time at a redemption price equal to 100% of the principal amount of each Bond to be redeemed, together with accrued interest thereon to the redemption date.

If less than all of the Bonds are called for redemption, the County shall select the maturity or maturities of the Bonds to be redeemed in such manner as the County in its discretion may determine and DTC and its participants shall determine which of the Bonds within a maturity are to be redeemed in accordance with its rules and procedures; provided, however, that the portion of any Bond to be redeemed shall be in principal amount of $5,000 or integral multiples thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by $5,000. Whenever the County elects to redeem Bonds, notice of such redemption of Bonds, stating the redemption date, redemption price and any conditions to the redemption and identifying the Bonds or portions thereof to be redeemed and further stating that on such redemption date there shall become due and payable on each Bond or portion thereof so to be redeemed, the principal thereof, and interest accrued to the redemption date and that from and after such date interest thereon shall cease to accrue, shall be given not less than 30 days nor more than 60 days before the redemption date in writing to DTC or its nominee as the registered owner of the Bonds, by prepaid certified or registered United States mail (or by such other means as permitted by DTC's rules and procedures), at the address provided to the County by DTC, but any failure or defect in respect of such mailing will not affect the validity of the redemption. If DTC is not the registered owner of the Bonds, the County will give notice at the time set forth above by prepaid first class United States mail, to the then-registered owners of the Bonds or portions thereof to be redeemed at the last address shown on the registration books kept by the County.

If at the time of mailing of the notice of redemption there is not on deposit money sufficient to redeem the Bonds called for redemption, such notice may state that it is conditional on the deposit of money for the redemption on the date of redemption as set forth in the notice. Any notice, once given, may be withdrawn by notice delivered in the same manner as the notice of redemption was given.

Authorization and Purposes

The 2025A Bonds are being issued pursuant to the provisions of The Local Government Bond Act, Article 7, as amended, of Chapter 159 of the General Statutes of North Carolina, a bond order duly adopted by the Board of Commissioners of the County (the "Board") on May 19, 2025, which order was adopted and is now in effect and the Bond Resolution (the "2025A Bond Resolution") which was adopted on June 2, 2025. The order and the resolution authorize the Bonds to be issued to (a) pay capital costs of the acquisition, renovation and expansion of public facilities, including, but not limited to, the County Judicial Center and Government Center and (b) pay the costs of issuance of the 2025A Bonds.

The 2025B Bonds are being issued pursuant to the provisions of The Local Government Bond Act, Article 7, as amended, of Chapter 159 of the General Statutes of North Carolina, bond orders duly adopted by the Board of Commissioners of the County (the "Board") on August 1, 2022 and May 20, 2024, which orders were approved by the vote of a majority of qualified voters of the County who voted thereon at referenda duly called and held on November 8, 2022 and November 5, 2024 and are now in effect, and the Bond Resolution (the "2025B Bond Resolution" and together with the 2025A Bond Resolution, the "Bond Resolutions") which was adopted on June 2, 2025. The orders and the resolution authorize the 2025B Bonds to be issued to pay the capital costs of providing school and community college facilities within the County including, but not limited to (a) the construction, renovation, improvement, equipping and furnishing of facilities for South Piedmont Community College, (b) the design of a new high school to be known as Parkwood High School and the design and renovation of converting the current Forest Hills High School into a middle school to be known as East Union Middle School and the acquisition of equipment and furnishings therefor and (c) pay the costs of issuance of the 2025B Bonds.

Security

The Bonds are general obligations of the County. The County is authorized and required by law to levy on all property taxable by the County such ad valorem taxes, without limitation as to rate or amount, as may be necessary to pay the Bonds and the interest thereon.

Bankruptcy

Chapter 9 of the Title 11 of the United States Code (as amended, the "Bankruptcy Code") provides a process for a political subdivision of a state to voluntarily adjust its debts. An involuntary bankruptcy case may not be commenced against a political subdivision under Chapter 9. Section 109(c) of the Bankruptcy Code sets forth certain conditions that must be met for an entity to be a debtor under Chapter 9, including that the entity is specifically authorized to be a debtor under Chapter 9 by state law (or by a governmental officer or organization empowered by state law to authorize the entity to be a debtor under Chapter 9). Section 23-48 of the North Carolina General Statutes (the "North Carolina Authorizing Statute") authorizes any county or city in the State of North Carolina to file a Chapter 9 bankruptcy case, but only with the approval of the LGC. While the Bonds are outstanding, the provisions of the Bankruptcy Code and applicable North Carolina law, including the North Carolina Authorizing Statute, may be amended, supplemented or repealed; therefore, it is not possible to predict whether and under what conditions the County may be authorized to become a debtor in a bankruptcy case and how any such bankruptcy case might affect holders of the Bonds in the future.

Under existing law, if the County were to become a debtor in a Chapter 9 bankruptcy case, the bankruptcy proceedings could have a material and adverse effect on holders of the Bonds, including (a) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the County or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the County; (b) the incurrence of additional obligations, including the claims of those supplying goods and services to the County after the initiation of bankruptcy proceedings and the expenses of administering the bankruptcy case, which may have a priority of payment superior to that of the holders of the Bonds; and (c) the possibility of the adoption of a plan for the adjustment of the County's debts without the consent of all of the holders of the Bonds, which plan may restructure, delay, compromise or reduce the amount of the claim of the holders of the Bonds if the bankruptcy court finds that the a plan is fair and equitable. The effect of the existing provisions of the Bankruptcy Code on the rights and remedies of the holders of the Bonds cannot be predicted with certainty and may be affected significantly by judicial interpretation, general principles of equity, and considerations of public policy.

Regardless of any specific adverse determinations in a bankruptcy case of the County, the fact of such a bankruptcy case could have an adverse effect on the liquidity and value of the Bonds.

THE COUNTY

General

See Appendix A for a description of the County.

Litigation

To the best of the County's knowledge, no litigation is now pending or threatened against or affecting the County seeking to restrain or enjoin the authorization, execution or delivery of the Bonds or the bond orders or contesting the validity or the authority or proceedings for the authorizations, execution or delivery of the Bonds, the bond orders or the Bond Resolutions or the County's creation, organization or corporate existence, or the title of any of the County's present officers to their respective offices, or the County's authority to carry out its obligations thereunder. The County is involved in various legal actions and claims. Although the outcome of those actions and claims and the ultimate amount of compensation or penalties which might be awarded are not presently determinable, in the opinion of County management and the counsel to the County, the results of those claims and actions will not have a materially adverse impact on the financial position of the County.

Financial Information

The basic financial statements of the County have been audited by certified public accountants for the fiscal year ended June 30, 2024. The County's basic financial statements and the notes thereto, drawn from the County's audited financial report for the fiscal year ended June 30, 2024, are included as Appendix D.

CONTINUING DISCLOSURE

In the Bond Resolutions adopted by the County, the County has undertaken, for the benefit of the beneficial owners of the Bonds, to provide:

(1) by not later than seven months after the end of each Fiscal Year to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB, the audited financial statements of the County for the preceding Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or if such audited financial statements are not then available, unaudited financial statements of the County for such Fiscal Year to be replaced subsequently by audited financial statements of the County to be delivered within 15 days after such audited financial statements become available for distribution;

(2) by not later than seven months after the end of each Fiscal Year to the MSRB, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included under the captions **"THE COUNTY—DEBT INFORMATION"** and **"—TAX INFORMATION"** (excluding information on overlapping units) in Appendix A to this Official Statement;

(3) in a timely manner not in excess of ten business days after the occurrence of the event, to the MSRB, notice any of the following events with respect to the Bonds:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on the debt service reserves reflecting financial difficulties;

(d) unscheduled draws on any credit enhancements reflecting financial difficulties;

(e) substitution of any credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(g) modification of the rights of the beneficial owners of the Bonds, if material;

(h) call of any of the Bonds, other than mandatory sinking fund redemptions, if material, and tender offers;

(i) defeasance of any of the Bonds;

(j) release, substitution or sale of any property securing repayment of the Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the County;

(m) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) incurrence of a financial obligation (as defined below) of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect beneficial owners of the Bonds, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the County, any of which reflect financial difficulties; and

(4) in a timely manner to the MSRB, notice of the failure by the County to provide the required annual financial information described in (1) and (2) above on or before the date specified.

"Financial obligation" means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

At present, Section 159-34 of the General Statutes of North Carolina requires the County's financial statements to be prepared in accordance with generally accepted accounting principles and to be audited in accordance with generally accepted auditing standards.

The Bond Resolutions also provide that if the County fails to comply with the undertaking described above, any beneficial owner of the Bonds may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Bonds.

All documents provided to the MSRB as described in this Section shall be provided in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB. The County may discharge its undertaking described above by providing such information in a manner the SEC subsequently authorizes in lieu of the manner described above.

Pursuant to the Bond Resolutions, the County reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the County, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 ("Rule 15c2-12") as of the date of this Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the beneficial owners, as determined either by parties unaffiliated with the County (such as bond counsel), or by the approving vote of the registered owners of a majority in principal amount of the Bonds at the time of the amendment.

Any annual financial information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The undertaking described above will terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Bonds.

The County is not aware of any instances in which it has failed to comply, in any material respect, with any previous undertaking made pursuant to the Rule during the last five years.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina, Bond Counsel, whose approving legal opinion will be available at the time of the delivery of the Bonds. The proposed form of such opinion is attached hereto as Appendix F.

RATINGS

Moody's Investors Service, Inc., S&P Global Ratings, and Fitch Ratings have given the Bonds ratings of "Aaa," "AAA" and "AAA", respectively. Those ratings reflect only the respective views of such organizations, and an explanation of the significance of such ratings may be obtained only from the respective organization providing such rating. Certain information and materials not included in the Official Statement were furnished to such organizations. There is no assurance that such ratings will remain in effect for any given period of time or that any or all will not be revised downward or withdrawn entirely. Any downward revision or withdrawal of a rating may have an adverse effect on the market prices of the Bonds.

TAX TREATMENT

On the date of issuance of the Bonds, Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina ("Bond Counsel"), will render an opinion that, under existing law (1) assuming compliance by the County with certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

The Code imposes various restrictions, conditions and requirements relating to the exclusion of interest on obligations, such as the Bonds, from gross income for federal income tax purposes, including, but not limited to, the requirement that the County rebate certain excess earnings on proceeds and amounts treated as proceeds of the Bonds to the United States Treasury, restrictions on the investment of such proceeds and other amounts, and restrictions on the ownership and use of the facilities financed or refinanced with proceeds of the Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code but is illustrative of the requirements that must be satisfied by the County subsequent to issuance of the Bonds to maintain the excludability of the interest on the Bonds from gross income for federal income tax purposes. Bond Counsel's opinion is given in reliance on certifications by representatives of the County as to certain facts material to the opinion and the requirements of the Code.

The County has covenanted to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest on the Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel assumes compliance by the County such covenants, and Bond Counsel has not been retained to monitor compliance by the County with such covenants subsequent to the date of issuance of the Bonds. Failure to comply with certain of such requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of or the receipt, accrual or amount of interest on the Bonds.

If the interest on the Bonds subsequently becomes included in gross income for federal income tax purposes due to a failure by the County to comply with any requirements described above, the County is not required to redeem the Bonds or to pay any additional interest or penalty.

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includible in gross income for federal income tax purposes. Bond Counsel cannot predict whether the Internal Revenue Service will commence an audit of the Bonds. Prospective purchasers of the Bonds are advised that, if the Internal Revenue Service does audit the Bonds, under current Internal Revenue Service procedures, at least during the early stages of an audit, the Internal Revenue Service will treat the County as the taxpayer, and the owners of the Bonds may have limited rights, if any, to participate in such audit. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds and the accrual or receipt of interest on the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property or casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain Subchapter S Corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel does not express any opinion as to any such collateral tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors as to the collateral tax consequences.

Proposed legislation is considered from time to time by the United States Congress that, if enacted, would affect the tax consequences of owning the Bonds. No assurance can be given that any future legislation, or clarifications or amendments to the Code, if enacted into law, will not contain provisions which could cause the interest on the Bonds to be subject directly or indirectly to federal, state or local income taxation, adversely affect the market price or marketability of the Bonds or otherwise prevent the owners of the Bonds from realizing the full current benefit of the status of the interest on the Bonds.

Bond Counsel is further of the opinion that, under existing law, the interest on the Bonds is exempt from State of North Carolina income taxation.

Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinion is not a guarantee of a particular result and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that Bond Counsel deems relevant to such opinion. Bond Counsel's opinion expresses the professional judgment of the attorneys rendering the opinion regarding the legal issues expressly addressed therein. By rendering its opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of the County, nor does the rendering of such opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

(Remainder of page left intentionally blank)

Original Issue Discount. As indicated on the inside cover page, the Bonds maturing on September 1, 20__ (collectively, the "OID Bonds"), are being sold at initial offering prices which are less than the principal amount payable at maturity.[1] Under the Code, the difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the OID Bonds is sold and (b) the principal amount payable at maturity of such OID Bonds, constitutes original issue discount treated as interest which will be excluded from the gross income of the owners of such OID Bonds for federal income tax purposes.

In the case of an owner of an OID Bond, the amount of original issue discount on such OID Bond is treated as having accrued daily over the term of such OID Bond on the basis of a constant yield compounded at the end of each accrual period and is added to the owner's cost basis of such OID Bond in determining, for federal income tax purposes, the gain or loss upon the sale, redemption or other disposition of such OID Bond (including its sale, redemption or payment at maturity). Amounts received upon the sale, redemption or other disposition of an OID Bond which are attributable to accrued original issue discount on such OID Bonds will be treated as interest exempt from gross income, rather than as a taxable gain, for federal income tax purposes, and will not be a specific item of tax preference for purposes of the federal alternative minimum tax. However, it should be noted that the original issue discount that accrues to an owner of an OID Bond may result in other collateral federal income tax consequences for certain taxpayers in the year of accrual.

Original issue discount is treated as compounding semiannually (which yield is based on the initial public offering price of such OID Bond) at a rate determined by reference to the yield to maturity of each individual OID Bond. The amount treated as original issue discount on an OID Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such OID Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such OID Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of interest payable on such OID Bond during the particular accrual period. The tax basis is determined by adding to the initial public offering price on such OID Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior accrual periods. If an OID Bond is sold between semiannual compounding dates, original issue discount which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

The Code contains additional provisions relating to the accrual of original issue discount in the case of owners of the OID Bonds who subsequently purchase any OID Bonds after the initial offering or at a price different from the initial offering price during the initial offering of the Bonds. Owners of OID Bonds should consult their own tax advisors with respect to the precise determination for federal and state income tax purposes of the amount of original issue discount accrued upon the sale, redemption or other disposition of an OID Bond as of any date and with respect to other federal, state and local tax consequences of owning and disposing of an OID Bond. It is possible that under the applicable provisions governing the determination of state or local taxes, accrued original issue discount on an OID Bond may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment attributable to such original issue discount until a later year.

Original Issue Premium. As indicated on the inside cover page, the Bonds maturing on September 1, 20__ (collectively, the "Premium Bonds"), are being sold at initial offering prices which are in excess of the principal amount payable at maturity.[1] The difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Premium Bonds is sold and (b) the principal amount payable at maturity of such Premium Bonds constitutes original issue premium, which original issue premium is not deductible for federal income

[1] Information obtained from the 2025A Underwriters and 2025B Underwriters.

tax purposes. In the case of an owner of a Premium Bond, however, the amount of the original issue premium which is treated as having accrued over the term of such Premium Bond is reduced from the owner's cost basis of such Premium Bond in determining, for federal income tax purposes, the taxable gain or loss upon the sale, redemption or other disposition of such Premium Bond (whether upon its sale, redemption or payment at maturity). Owners of Premium Bonds should consult their tax advisors with respect to the determination, for federal income tax purposes, of the "adjusted basis" of such Premium Bonds upon any sale or disposition and with respect to any state or local tax consequences of owning a Premium Bond.

FINANCIAL ADVISOR

Davenport & Company LLC, Charlotte, North Carolina, has served as financial advisor to the County in connection with the issuance and sale of the Bonds.

UNDERWRITING

The underwriters for the 2025A Bonds are ______________________________ (the "2025A Underwriters").[1]

The 2025A Underwriters have jointly and severally agreed, subject to certain terms and conditions, to purchase all of the 2025A Bonds, if any of the 2025A Bonds are to be purchased. If all of the 2025A Bonds are sold at the public offering yields set forth on the inside cover page of this Official Statement, the 2025A Underwriters would anticipate total underwriters' discount of $_________.[1] The public offering prices of the 2025A Bonds may be changed from time to time by the 2025A Underwriters.

The underwriters for the 2025B Bonds are ______________________________ (the "2025B Underwriters").[2]

The 2025B Underwriters have jointly and severally agreed, subject to certain terms and conditions, to purchase all of the 2025B Bonds, if any of the 2025B Bonds are to be purchased. If all of the 2025B Bonds are sold at the public offering yields set forth on the inside cover page of this Official Statement, the 2025B Underwriters would anticipate total underwriters' discount of $_________.[2] The public offering prices of the 2025B Bonds may be changed from time to time by the 2025B Underwriters.

The underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the initial public offering prices stated on the inside cover hereof. The public offering prices may be changed from time to time by the respective underwriters.

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[1] Information obtained from the 2025A Underwriters.
[2] Information obtained from the 2025B Underwriters.

MISCELLANEOUS

Any statements in the Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact.

Reference herein to the State Constitution and legislative enactments are only brief outlines of certain provisions thereof and do not purport to summarize or describe all provisions thereof.

This Official Statement has been duly approved by the Local Government Commission of North Carolina and the Board of Commissioners of the County.

LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA

By

Jennifer Wimmer
Deputy Secretary of the Commission

COUNTY OF UNION, NORTH CAROLINA

By

Melissa Merrell
Chair of the Board of Commission

By

Brian Matthews
County Manager

By

Beverly Liles
Finance Director

APPENDIX A

CERTAIN INFORMATION CONCERNING
UNION COUNTY, NORTH CAROLINA

General Description

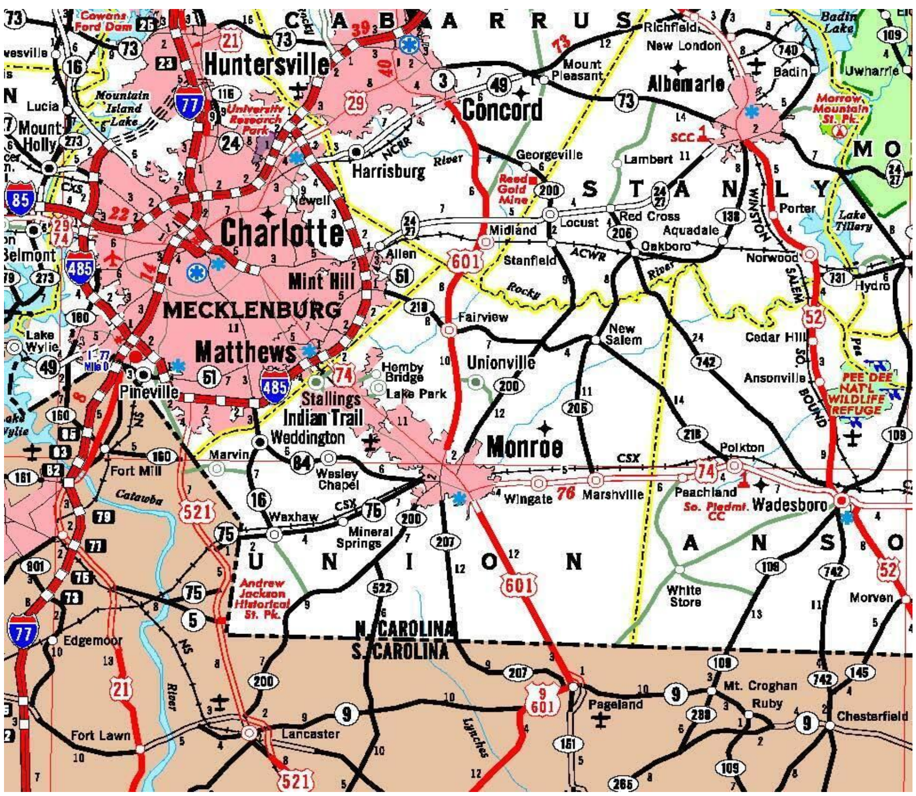
Union County (the "County") was formed in 1842 and was so named because it was created from parts of two other counties. Located in the south-central portion of the Piedmont region, the County contains approximately 643 square miles. Union County is one of the fastest growing counties in North Carolina. Union County provides a unique blend of rural and metropolitan areas. Despite increased urbanization, agriculture remains vital to parts of Union County.

The County's incorporated municipalities include Fairview, Hemby Bridge, Indian Trail, Lake Park, Marshville, Marvin, Mineral Springs, Monroe (the County seat), Stallings, Unionville, Waxhaw, Weddington, Wesley Chapel and Wingate.

50 MILE RADIUS

New York, New York 538 Miles

Washington, D.C. 331 Miles



Atlanta, Georgia 241 Miles

Demographic Characteristics

For the period 2010 to 2020 according to the United States Department of Commerce, Bureau of the Census (the "U.S. Census Bureau") estimates, the County's population grew by 18.3%, rising to 239,265 from 201,328.

The U.S. Census Bureau has recorded the Census population of the County to be as follows:

2000	2010	2020
123,834	201,292	238,234

The North Carolina Office of State Budget and Management estimates the County's population, as follows:

2020	2021	2022	2023
239,925	244,996	250,810	257,682

According to the North Carolina Office of State Budget and Management, the July 2023* estimated population for each of the County's municipalities is as follows:

Municipality	Population	Municipality	Population
Fairview	3,605	Monroe	37,273
Hemby Bridge	1,713	Stallings	17,438
Indian Trail	43,701	Unionville	6,842
Lake Park	3,417	Waxhaw	23,353
Marshville	2,573	Weddington	14,267
Marvin	6,748	Wesley Chapel	9,263
Mineral Springs	3,306	Wingate	4,413

*Most recent estimates available.

According to the US Census Bureau's American Community Survey, the County had a median household income of $99,243 in 2023 (the most recent estimate available), which was the second highest among counties in the State.

Per capita personal income data for the County, State and U.S. are presented in the following table:

Year	County	State	U.S.
2019	$55,650	$48,374	$55,567
2020	58,131	51,758	59,123
2021	64,609	57,008	64,460
2022	69,515	58,953	66,244
2023	72,553	61,839	69,810

Source: United States Department of Commerce, Bureau of Economic Analysis; Most recent data available.

Commercial and Institutional Profile

Union County has a diverse economic base and is home to hundreds of industries, including manufacturing, agriculture, retail and commercial services. The County enjoyed robust capital investment among its manufacturing sector throughout fiscal year 2023-2024 and the first half of fiscal year 2025 despite a variety of national and global economic factors such as inflation, labor market challenges, supply chain challenges, and a national election. Despite these headwinds, the period between July 2023 to February 2025 saw capital investment of $98 million and the creation of just over 1,000 new advanced manufacturing jobs. Expansion projects included announcements from existing manufacturing companies such as ATI Specialty Materials and Coca-Cola Consolidated Bottling Company. In June 2024, Union County announced the landing of Spain-based Briolf USA's only North American manufacturing facility which will be built in the Monroe Corporate Center. Briolf USA's facility represents a $30 Million investment and is anticipated to create over 100 jobs. In November 2024, Sell Ethics Marketing Group, Inc. announced they will be constructing their 35,000 square-foot office headquarters in Stallings in northwest Union County. The Sell Ethics project will bring $17 million of capital investment, the creation of 89 high-paying office jobs, and demonstrates the attractiveness of locations near the Monroe Expressway.

In addition to new companies locating to Union County, several sizable existing industry projects continue to march forward with their construction and hiring of new staff. These in-process projects include companies such as: Windsor Windows & Doors who now occupy their $82 million, 570,000 square-foot manufacturing center in the Expressway Commerce Park @ Monroe near the center of the county. Also, ATI Specialty Materials dedicated in early 2024 their $140 million titanium processing operation located on their campus near the Charlotte-Monroe Executive Airport. These investments prove that Union County's strategy of recruiting a diverse mix of businesses is a stalwart and prudent approach to preserve the community's economic vitality. The County has practiced this successful method of economic development for decades.

Agriculture is also a major industry in the County. According to the most current statistics released by the North Carolina Department of Agriculture and Consumer Services, agribusiness represented a $587 million in local ag-related products sold in 2022, with poultry, cattle, soybean, and grains forming the major components of the industry. This placed the County as the sixth highest county in the State for total agribusiness cash receipts. Tyson Farms and Pilgrim's (formerly Pilgrim's Pride) are major chicken processors in the County. Both process chickens in a highly mechanized and technology-dependent production environment for distribution to supermarkets and private label distributors throughout the world. Tyson Farms and Pilgrim's represent two of the County's top twenty employers.

Other sectors in the County include food production, life safety, pharmaceuticals and construction materials; a few specific companies in the County: Tyson Foods; Greiner Bio-One NA; Consolidated METCo; and ASSA ABLOY.

Charlotte-Monroe Executive Airport (EQY), the designated primary reliever for the Charlotte-Douglas International Airport, serves Union County and the Charlotte metropolitan area as the corporate aviation gateway. Corporate and general aviation aircraft take advantage of the facilities that include an all-weather 7,001-foot runway, Customs and Border Patrol processing along with aviation fuel/services. Throughout 2023, Charlotte-Monroe Executive Airport had an estimated 73,151 aircraft flight operations and over 112 privately-owned based aircraft which fuel the Airport's annual economic impact of $36.0 million in business revenue. The Charlotte-Monroe Executive Airport supports over 320 jobs with $14.2 million in personal income and generates $2.66 million in state and local taxes.

The City of Monroe, the county seat and the hub of the local aerospace cluster, started the Monroe Corporate Center, a 500-acre business park located adjacent to and west of the Charlotte-Monroe Executive Airport, in 1996. The Monroe Corporate Center is home to 11 manufacturing companies employing over 1,800 people. In addition, five of these companies serve as the North American headquarters of foreign-based firms. In December 2006, the City of Monroe announced the addition of a second industrial park, the 80-acre AeroPointe Industrial Center. This industrial park was located adjacent to and east of the Charlotte-Monroe Executive Airport, but was sold to ATI as their hub for aerospace super alloy manufacturing.

Over 185 companies employing 16,000 people call Union County home. More than 20% of the County's manufacturing employment is rooted in the aerospace sector, resulting in the highest geographic concentration of aerospace companies in North Carolina (North Carolina Department of Commerce). Also, the County's industrial base is international with ten countries represented by 20 companies.

The County has achieved regional, national and international recognition. Accolades include being named a Top Ten County for Job Creation Nationally Since 2000 – CNN/Money.com; Lowest unemployment in the Charlotte Region for 25+ years – North Carolina Department of Commerce, Division of Employment Security; and a top Aerospace Cluster in North Carolina – North Carolina Department of Commerce.

To continue to grow and enhance the overall economy of the County, the County Board of Commissioners voted in November 2024 to create its own Economic Development Department. This new department enables the professional economic development staff to better serve the diverse business recruitment needs of the 14 municipal entities across the entire county. In addition to targeting capital investment in precision manufacturing, the new Union County Economic Development Department is now free to target projects in office headquarters, retail, healthcare, and food systems. The overarching goal of the office remains to enhance the quality of life for all Union County residents through the recruitment of capital investment that grows the tax base and creates career opportunities.

The County seeks to accomplish this mission through broad and focused marketing methods, strategic recruitment missions, enhanced existing industry programs and new product development. The County currently owns and markets 170 acres of land, known as the Piedmont Innovation Park, located south of the Charlotte-Monroe Executive Airport. This property is targeted for precision manufacturing uses and has the potential to secure several hundred million dollars of investment and create over a thousand new jobs. Realizing the long-term positive economic value of industrial-zoned land, the County leadership is actively assembling other tracts of land and investing in infrastructure that result in the attraction of projects from targeted sectors.

Significant locations and expansions by companies include the following:

Company	**Product/Service**	**Investment**[1]
O'Neil Digital Solutions	Digital Printing/Data Center	$140,000,000
ATI Specialty Materials	Aerospace / Super Alloys	140,000,000
Charlotte Pipe & Foundry	Plastic Pipe	100,000,000
Windsor Windows	Windows & Doors	82,000,000
ATI Specialty Materials	Aerospace / Super Alloys	70,000,000
Fed Ex	Logistics	70,000,000
Consolidated METCo	Truck Wheel & Hub Assemblies	42,000,000
Goulston Technologies	Chemicals	37,000,000
American Wick Drain	Construction Drain Systems	12,000,000
Collins Aerospace (Project BLU)	Aerospace	30,000,000
Collins Aerospace (Project Crestone)	Aerospace	30,000,000
Scott Safety (a 3M Company)	Life Safety	28,730,000
Glenmark Generics	Medical/Pharmaceutical	27,500,000
Bona US	Chemical	25,000,000
Charlotte Pipe and Foundry	Plastics/Pipe & Fixture Extrusion	22,000,000
Briolf USA	Advanced Coatings	30,000,000
Sell Ethics Marketing, Inc.	Office HQ – Food Distributor	17,000,000
SURTECO	Multi-surface Printing	10,000,000
Builders First Source	Residential & Commercial Glass	7,500,000
Steel Point	Industrial Trailers	35,000,000
Coca-Cola Consolidated	Dispensing Equipment Production	15,000,000
Darnel Inc.	Plastic Packaging	16,000,000
Hamilton Drywall	Construction Compounds	12,000,000
Greiner Bio-One	Medical Lab Plastics	21,000,000
TOTAL INVESTMENT		$1,019,730,000

[1]Between January 2015 to December 2024
Source: Union County Department of Economic Development.

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Construction Activity

The following table shows the number of building permits issued and estimated value of the related construction in the County for the past five fiscal years:

	Non-Residential		Residential		
Fiscal Year Ended/Ending	Count	Value (in Thousands)	Count	Value (in Thousands)	Total Value (in Thousands)
2020	569	$ 455,379	4,018	$ 440,606	$ 895,985
2021	442	214,374	5,263	558,298	772,672
2022	528	244,896	5,637	758,837	1,003,733
2023	391	327,800	3,793	561,897	889,697
2024	375	217,578	4,037	632,845	850,423
2025[1]	279	140,291	2,956	468,441	608,732

[1]Through March 2025.
Source(s): County Dept. of Inspections, Monroe Inspection Dept., Town of Waxhaw Building Permit Dept.

Taxable Retail Sales

Total taxable sales for the fiscal years 2018 through 2024 and for a portion of fiscal year 2025, are shown in the table below:

Fiscal Year	Taxable Retail Sales	Percentage Change
2020	$ 2,326,821,755	6.17%
2021	2,869,555,497	23.33
2022	3,381,460,607	17.84
2023	3,652,424,218	8.01
2024	3,749,152,037	2.65
2025 (ten months)[1]	2,856,580,640	

[1]For the ten-month period ended April 30, 2025. The comparable figure for the ten-month period ended April 30, 2024 was $3,129,843,415.
Source: North Carolina Department of Revenue, Sales and Use Tax Division.

Employment

The North Carolina Department of Commerce, Division of Employment Security has estimated the percentage of unemployment in the County to be as follows:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020	3.6%	3.4%	4.3*%	11.3*%	9.7%	8.0%	7.5%	5.7%	5.2%	4.5%	4.7%	4.8%
2021	5.1	4.9	4.5	4.1	4.2	4.6	4.4	4.3	3.4	3.5	3.3	2.8
2022	3.4	3.3	3.0	2.9	3.2	3.6	3.6	3.7	3.1	3.2	3.2	2.8
2023	3.3	3.2	3.1	2.7	3.0	3.2	3.3	3.4	2.9	3.1	3.1	3.0
2024	3.2	3.3	3.3	2.8	3.1	3.5	3.7	3.5	2.9	2.9	3.2	2.9
2025	3.4	3.1	3.3	3.0	N/A	N/A						

*Onset of the COVID-19 Pandemic.
By way of comparison, the N. C. Department of Commerce has published the April 2025 percentage of unemployment in the State at 3.4% and in the United States at 3.9% (unadjusted).

The following table lists the top employers in the County:

Company Name	**Industry**	**Employment Range**
Union County Public Schools	Educational Services	1000+
County of Union	Public Administration	1000+
ATI Specialty Materials	Manufacturing	1000+
Tyson Foods Inc.	Manufacturing	1000+
Harris Teeter	Retail Trade	1000+
Utility Lines Construction	Construction	1000+
Wal-Mart Associates Inc.	Retail Trade	500-999
City of Monroe	Public Administration	500-999
Charlotte Mecklenburg Hospital Auth.	Health Care	500-999
Pilgrim's Pride Corporation	Manufacturing	500-999
Charlotte Pipe & Foundry Company	Manufacturing	500-999
Wingate University	Educational Services	500-999
Food Lion	Retail Trade	500-999
McGee Brothers Company Inc.	Construction	500-999
Lowes Home Centers Inc.	Retail Trade	500-999
USA 3M	Manufacturing	250-499
Lowes Home Centers Inc.	Retail Trade	250-499
Besam Inc.	Manufacturing	250-499
Greiner Bio-One	Manufacturing	250-499
Truerock Construction LLC	Construction	250-499
True Homes LLC	Construction	250-499
Republic Refrigeration Inc.	Construction	250-499
Target Corporation	Retail Trade	250-499
Consolidated Metco Inc.	Manufacturing	250-499
South Piedmont Community College	Educational Services	250-499
Windsor Window Company	Manufacturing	250-499

Source: North Carolina Department of Commerce, as of 4th Quarter, 2024.

Government and Major Services

GOVERNMENT STRUCTURE

The County has a Commissioner-Manager form of government with five at-large Commissioners comprising the governing body. The Commissioners are elected on a staggered basis for terms of four years and formulate the policies for the administration of the County. Brian Matthews was appointed to the position of County Manager in December 2022. The County Manager is appointed by and serves at the pleasure of the Board of Commissioners as the County's Chief Executive Officer. The Board of Commissioners annually adopts a budget and establishes a tax rate for the support of County programs. The County Manager has the responsibility of administering these programs in accordance with policies and the annual budget adopted by the Board. The County is responsible for providing public safety, health and human services, public utilities and park and recreation programs and local funding for public education.

EDUCATION

State law provides for and funds the operating costs of a basic minimum educational program which is supplemented by the County and Federal governments. The building of public-school facilities has been a joint State and County effort. Local financial support is provided by the County for capital and operating expenses. For the fiscal year ended June 30, 2024, this support included a County appropriation of $122,690,414 for current expenses and $25,255,168 for capital outlay. For the fiscal year ending June 30, 2025, the County appropriated $130,611,680 for current expenses and $19,335,075 for capital outlay. These appropriations are in addition to any debt proceeds issued and expended for school capital construction during the same periods.

The following table shows the number of schools and average daily membership for the Union County School Administrative Unit for the past five school years:

	Elementary Grades (K-5)		Intermediate Grades (6-8)		Secondary Grades (9-12)	
School Year	**Number**	**ADM**	**Number**	**ADM**	**Number**	**ADM**
2020-21	30	16,055	10	9,780	12	13,702
2021-22	30	16,381	10	9,814	12	13,891
2022-23	30	16,931	10	9,892	12	14,197
2023-24	30	17,070	10	9,725	12	14,338
2024-25	30	16,538	10	9,686	12	14,527

Source: State Board of Education -https://www.dpi.nc.gov/districts-schools/district-operations/financial-and-business-services/demographics-and-finances/student-accounting-data

Note: Average Daily Membership or ADM (determined by actual records at the schools) is computed by the North Carolina Department of Public Instruction on a uniform basis for all public school units in the State. The ADM computation is used as a basis for teacher allotments and for distribution of State Funds.

HIGHER EDUCATION

Wingate University, located on a 400-acre campus in the Town of Wingate, serves approximately 3,400 students and offers 37 undergraduate majors in arts and sciences, business education, fine arts, music and sport sciences. Students can earn a master's degree in accounting, business, education, teaching, physician assistant studies, public health, social work, and sports management. Students can also earn a Doctor of Pharmacy, Doctor of Physical Therapy and Doctor of Education. It is fully accredited by the Southern Association of Colleges and Schools.

South Piedmont Community College (the "SPCC"), located in Monroe, serves Union and Anson counties. It offers technical courses designed to meet the skill needs of local employers, including in-plant training. Local financial support is provided by the County for capital and operating expenses.

The County is located within a one-hour drive of several other colleges and universities. These include Central Piedmont Community College, The University of North Carolina at Charlotte, Queens University and Johnson C. Smith University.

TRANSPORTATION

The expansion, maintenance and improvement of primary and secondary highways within the County are primarily the responsibility of the State. Each municipality within the County bears the primary responsibility for its local street system. The County has limited financial obligations with respect to construction and maintenance of roads.

The County is served by U.S. Highways 74 and 601 and eight North Carolina highways (16, 75, 84, 200, 205, 207, 218, and 522). The County is within one mile of Interstate 485 ("I-485"). In 2018, the U.S. Highway 74 Monroe Bypass (the "Bypass") opened for use. The Bypass is a 20-mile connector interstate quality toll road linking eastern Union County with I-485 in Charlotte.

CSX Transportation provides freight rail service to the County and Greyhound Trailways provides bus service to the County. In addition, Charlotte/Douglas International Airport is approximately 17 miles from the County boundary and is now directly accessible via I-485. The Charlotte-Monroe Executive Airport, an FAA-designated reliever facility to Charlotte/Douglas International Airport, offers general aviation, air freight and charter service as well as hangar and repair facilities for corporate and private aircraft.

HUMAN SERVICES

Social Service Programs. The County Department of Social Service provides a full range of community services funded primarily by the Federal and State governments with local matching funds provided by the County. In addition to the traditional programs serving the aged, disabled, blind and dependent children, the Department of Social Services has developed programs which deal with child abuse, adolescent parenting, permanent placement of children, day care, foster care, emergency care for children and in-home services for the elderly.

Health Department. The Health Department is responsible for protecting the health of the citizens of the County. The Health Department accomplishes this objective through a variety of prevention and educational programs in cooperation with other health and education groups in the community. The Health Department provides a variety of specialized health care services and places special emphasis on communicable disease control and maternal and child health services. Other programs include school health and laboratory services and a variety of educational programs in chronic disease control, women's, infants' and children's nutrition and health education. The Environmental Health Division is responsible for monitoring and inspecting all food handling establishments. Its other responsibilities include inspecting day care centers and foster homes and monitoring water, solid and liquid waste pollution. All services are carried out through a varied group of health professionals, including physicians, public health nurses, environmental scientists, laboratory technicians, health educators, nutritionists and clerical administrative staff.

Behavioral Health - Behavioral Health service provision is provided through Partners Health Management ("Partners"). Partners manages Medicaid, state and local funds for mental health, intellectual/developmental disabilities, substance use disorder and traumatic brain injury services. The system of care Partners manages is shaped by the choices of their members and families and designed to meet the unique needs of each of the communities served.

PUBLIC SERVICE ENTERPRISES

The County operates water and sewer utilities serving approximately 57,274 water connections and 43,587 sewer connections. North Carolina law in its current form authorizes the County to undertake a wide variety of revenue-producing enterprises.

SOLID WASTE FACILITIES

The County currently provides residents and businesses with municipal solid waste disposal, construction and demolition waste disposal and recycling opportunities. Municipal Solid Waste ("MSW") disposal services are provided through a state-of-the-art transfer station. At the transfer station, MSW is loaded onto tractor-trailer trucks and transported to a lined landfill for ultimate disposal. For the general public's convenience, there are six sites strategically located throughout the County that accept "bagged" household garbage and recyclable materials.

A Construction and Demolition (C&D) debris landfill is located adjacent to a MSW Transfer Station. Current capacity of the Active C&D Debris Landfill – Cells 1 through 5, 7, and 8, Minor Mod area, and Phase 1 Expansion Area provides 47.7 acres with 4,446,800 total cubic yards (CY) waste capacity and 2,780,770 CY remaining waste capacity.

The County promotes recycling and provides the opportunity for residents and businesses to recycle paper, cardboard, plastics, glass, aluminum, scrap metal (including white goods), spent motor oil, antifreeze, electronics and used tires free of charge.

The County is evaluating means to improve and expand the services provided at cost-effective rates. Programs that are currently in the developmental/exploratory stage include "household hazardous waste," and electronic device disposal/recycling. The market for direct sale of bulk paper and cardboard is also being investigated.

A Solid Waste Capital Reserve Fund has been established to finance the closure and opening of future landfill and transfer station operations. At June 30, 2024, the Solid Waste Capital Reserve Funds current assets were $6,537,047 and the Fund's closure and post-closure liability was $5,372,981.

As of June 30, 2024 the County experienced a $1,020,399 decrease in closure and post-closure liabilities from the prior year. The liability represents the estimated present value of the amount needed to fund the post-closure costs may be higher due to inflation, changes in technology or changes in regulations.

The County uses an enterprise fund to account for the operations of its solid waste programs and charges tipping fees for disposing of solid waste. This source generated approximately $10.1 million for the fiscal year ended June 30, 2024, and along with other fee-based revenues resulted in a net operating income of $1,416,373.

Debt Information

LEGAL DEBT LIMIT

In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, allowing for issuance of all presently authorized bonds, including those being offered by this Official Statement, the County has the statutory capacity to incur additional net general obligation debt in an approximate amount of $2,762,824,600 as of June 30, 2024.

OUTSTANDING GENERAL OBLIGATION DEBT

General Obligation Bonds	Principal Outstanding as of June 30, 2021	2022	2023	2024
Refunding Bonds	$102,390,000	$ 83,995,000	$ 69,085,000	$ 57,100,000
School Bonds	107,268,778	143,615,261	234,031,505	224,377,387
Other Bonds	112,174,222	83,576,739	111,055,495	104,449,613
Total Bonds	$321,833,000	$311,187,000	$414,172,000	$385,927,000

Bonds Issued:

2021-22 — $20,590,000 General Obligation Public Improvement Bonds, Series 2022, 10.38 years average maturity, 2.6056% true interest cost.

2022-23 — $134,405,000 General Obligation School Bonds, Series 2023, 10.93 years average maturity, 3.1606% true interest cost.

Note 1: Outstanding debt above does not include installment financing agreements and revenue bonds.
Note 2: Outstanding general obligation debt above does not include bonds refunded upon the issuance of refunding bonds of the County, the proceeds of which were applied to provide for the payment of such refunded bonds.

GENERAL OBLIGATION DEBT RATIOS

At July 1	Total Outstanding G.O. Debt[1]	Assessed Valuation	Total G.O. Debt to Assessed Valuation	Population[2]	Total G.O. Debt Per Capita
2020	$352,718,000	$27,064,764,000	1.30%	239,925	$1,470
2021	321,833,000	27,981,476,000	1.15	244,996	1,314
2022	311,187,000	36,693,704,000	0.85	250,810	1,241
2023	414,172,000	38,429,452,000	1.08	257,682	1,607
2024	385,927,000	40,138,619,953	0.96	257,682[4]	1,498
After Bonds now offered are issued	$436,507,000	$42,058,609,274[3]	1.04%	257,682[4]	$1,694

[1]Does not include bonds refunded upon the issuance of refunding bonds of the County, the proceeds of which were applied to provide for the payment of such refunded bonds.
[2]Population Source: North Carolina Office of State Planning, State Demographer.
[3]Estimated assessed valuation shown for fiscal year 2025-26.
[4]For purposes of this table, the 2023 population estimate is used.

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS AND MATURITY SCHEDULE

Fiscal Year	Utility Debt		Other Debt		Total Debt		Bonds Now Offered[1]	
Ending June 30th	Principal	Principal & Interest	Principal	Principal & Interest	Principal	Principal & Interest	GO Public Facility Series 2025A	GO Public Improvement Series 2025B
2025	$ 153,773.60	$ 223,063.08	$ 34,416,226.40	$ 49,188,298.02	$ 34,570,000.00	$ 49,411,361.10	-	-
2026	153,773.60	219,480.16	34,941,226.40	48,338,967.14	35,095,000.00	48,558,447.30	-	-
2027	153,773.60	215,897.24	32,996,226.40	45,055,086.76	33,150,000.00	45,270,984.00	$ 650,000.00	$ 3,615,000.00
2028	153,773.60	212,314.30	32,366,226.40	43,055,322.40	32,520,000.00	43,267,636.70	650,000.00	3,615,000.00
2029	153,399.45	208,357.23	31,095,600.55	40,599,535.67	31,249,000.00	40,807,892.90	650,000.00	3,615,000.00
2030	153,399.45	204,783.03	28,335,600.55	36,671,002.87	28,489,000.00	36,875,785.90	650,000.00	3,615,000.00
2031	153,399.45	201,208.83	19,725,600.55	27,056,836.07	19,879,000.00	27,258,044.90	650,000.00	3,615,000.00
2032	153,399.45	197,634.61	17,680,600.55	24,198,224.79	17,834,000.00	24,395,859.40	650,000.00	3,605,000.00
2033	153,399.45	194,060.41	17,730,600.55	23,564,487.99	17,884,000.00	23,758,548.40	650,000.00	3,605,000.00
2034	153,399.45	190,486.19	16,020,600.55	21,226,901.21	16,174,000.00	21,417,387.40	650,000.00	3,605,000.00
2035	153,025.31	186,537.85	16,019,974.69	20,610,051.05	16,173,000.00	20,796,588.90	650,000.00	3,605,000.00
2036	153,025.31	179,835.35	16,019,974.69	20,006,069.65	16,173,000.00	20,185,905.00	650,000.00	3,605,000.00
2037	153,025.31	173,132.83	16,019,974.69	19,396,350.77	16,173,000.00	19,569,483.60	650,000.00	3,605,000.00
2038	153,025.31	166,430.33	16,019,974.69	18,786,631.87	16,173,000.00	18,953,062.20	650,000.00	3,605,000.00
2039	153,025.31	159,727.81	12,967,974.69	15,162,412.99	13,121,000.00	15,322,140.80	650,000.00	3,605,000.00
2040			12,340,000.00	14,013,250.00	12,340,000.00	14,013,250.00	650,000.00	3,605,000.00
2041			7,745,000.00	8,982,500.00	7,745,000.00	8,982,500.00	650,000.00	3,605,000.00
2042			7,745,000.00	8,615,750.00	7,745,000.00	8,615,750.00	650,000.00	3,605,000.00
2043			6,720,000.00	7,224,000.00	6,720,000.00	7,224,000.00	650,000.00	3,605,000.00
2044			6,720,000.00	6,888,000.00	6,720,000.00	6,888,000.00	650,000.00	3,605,000.00
2045							650,000.00	3,605,000.00
2046							650,000.00	3,605,000.00
Totals	$ 2,300,617.65	$ 2,932,949.25	$ 383,626,382.35	$ 498,639,679.25	$ 385,927,000.00	$ 501,572,628.50	$ 13,000,000.00	$ 72,150,000.00

[1]Principal only.

BONDS AUTHORIZED AND UNISSUED

Purpose	Date Approved	Amount Authorized	Bonds Now Offered	Balance
Community College	November 8, 2022	$32,725,000	$32,725,000	$ --
School	November 5, 2024	39,425,000	39,425,000	--
Public Facility	May 19, 2025	13,000,000	13,000,000	--
Totals		$85,150,000	$85,150,000	$ --

GENERAL OBLIGATION DEBT INFORMATION FOR UNDERLYING UNIT AS OF JUNE 30, 2024

Unit	2023 Population[1]	Assessed Valuation	Tax Rate Per $100	Debt Authorized and Unissued		Total GO Debt		Total GO Debt Per Capita
				Utility	Other	Utility	Other	
Monroe (County seat)	37,275	$6,015,628,301	$0.5025	$ --	$ --	$ --	$ --	$ --
Indian Trail	42,854	6,266,779,300	0.1850	--	--	--	12,334,000	288

[1]Estimate of North Carolina Office of State Budget and Management.

OTHER LONG-TERM COMMITMENTS

Certificates of Participation ("COP's") and Limited Obligation Bonds ("LOB's") have been executed and delivered for the benefit of the County, for which it remains obligated through fiscal year ending 2036, of which $29,613,000 in principal amount was outstanding as of June 30, 2024.

The table below reflects annual debt service requirements to maturity:

Annual Debt Service on COP's and LOB's

Fiscal Year Ending	Payments
2025	$6,444,188
2026	4,317,606
2027	4,153,409
2028	3,990,721
2029	3,823,659
2030-2034	11,220,476
2035-2039	759,876

The County has issued revenue bonds for which it remains obligated through 2051, of which $412,025,000 in principal amount was outstanding as of June 30, 2024.

The table below reflects annual debt service requirements to maturity, including principal and interest payments:

Annual Debt Service on Revenue Bonds

Fiscal Year Ending	Payments
2025	$25,739,471
2026	25,745,971
2027	25,737,221
2028-2032	128,708,456
2033-2037	125,594,554
2038-2042	112,577,794
2043-2047	84,746,250
2048-2052	61,709,550

DEBT OUTLOOK

The County borrows funds through the use of various debt instruments; typically, general obligation bonds, installment financings (including, COP's , LOB's, and private placements), revenue bonds, and N.C. Clean Water Revolving Loans (NC CWRL). Principal and interest debt service payments are appropriated annually in the annual operating budget(s).

The County maintains a five-year (plus current) Capital Improvement Plan (CIP) and financial feasibility forecast for tax-supported and enterprise fund activities. The tax-supported CIP contains projected capital expenditures for the Union County Public Schools (UCPS), South Piedmont Community College (SPCC) and County programs and functions such as law enforcement, parks and recreation and general government. The CIP is funded through current revenues, capital contributions and long-term debt. The CIP and financial forecast are updated annually to reflect changing priorities and circumstances. The County completed the annual update to its tax-supported CIP in June 2024 for the fiscal period 2025-2030 and can be seen in the CIP and Debt Section of the County's budget document.

The County adopted a Capital Improvement Program Management Policy in November 2012 that requires an annual update to the CIP as part of the annual budget process. The County Manager, as the County's Budget Officer, shall annually submit a financially balanced, six-year CIP for review and approval by the Board, pursuant to the timelines established in the annual budget preparation schedule.

UCPS capital request reflects a focus on Building Systems ($6 million), Expansions and Renovations ($4.5 million), Equipment and Technology ($9 million), and Safety and Security ($0.5 million). The total capital request was $22.4 million, for FY2025 and was funded.

The County has and expects to continue to issue revenue bonds or general obligation bonds to finance improvements to its water and sewer systems, the debt service on which is supported by the revenues of its water and sewer system.

Tax Information

	Fiscal Year Ended or Ending June 30,			
	2022	**2023**	**2024**	**2025[3]**
Assessed Valuation:				
Assessment Ratio[1]	100%	100%	100%	100%
Real Property	$31,100,253,618	$32,176,009,790	$33,361,040,853	$34,837,316,700
Personal Property	1,766,951,819	2,003,874,627	2,220,544,230	2,433,565,532
Motor Vehicles	3,314,012,125	3,691,635,126	3,952,190,343	4,163,357,313
Public Service Companies[2]	512,486,650	557,932,893	604,844,527	624,369,729
Total Valuation	$36,693,704,212	$38,429,452,436	$40,138,619,953	$42,058,609,274
Rate per $100	.5880	.5880	.5880	.5880
Levy	$ 216,861,058	$225,973,933	$ 235,976,975	$244,191,448

[1]Percentage of appraised value has been established by statute.
[2]Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.
[3]Projected amounts are shown for fiscal year 2025.

Note: The next revaluation of real property will become effective with the tax levy for the fiscal year ending June 30, 2026.

In addition to the County-wide levy, the following table lists the levies by the County on behalf of certain special districts for the fiscal years ended June 30:

	2022	**2023**	**2024**	**2025**
County-Wide Levy	$216,861,058	$225,973,933	$235,976,975	$244,191,448
Special Fire Districts	10,995,701	12,865,879	13,805,966	17,792,173

TAX COLLECTIONS

Fiscal Year Ended June 30	**Prior Years' Levies Collected**	**Current Fiscal Year's Levy Collected**	**Percentage of Current Year's Levy Collected**
2020	$1,086,856	$196,786,125	99.61%
2021	1,095,721	204,496,057	100.00
2022	1,029,614	216,770,532	100.00
2023	1,124,705	225,998,455	100.00
2024	891,908	236,177,952	100.00
2025*	492,208	241,282,150	98.81

*Collected through May 2025.

TEN LARGEST TAXPAYERS FOR FISCAL YEAR 2023-24

Name	Type of Business	Taxable Assessed Valuation	Percentage of Total Assessed Valuation
Allegheny Technologies Inc.	Manufacturing	$341,748,740	0.85%
Charlotte Pipe & Foundry Company	Manufacturing	185,322,339	0.46
Duke Power	Utility	181,946,858	0.45
Union Electric Membership Corp.	Utility	178,310,156	0.44
Piedmont Natural Gas Company Inc.	Utility	126,072,252	0.31
Tyson Foods Inc	Processing	114,519,140	0.29
AMH NC Properties LP	Home Rentals	76,227,800	0.19
Consolidated METCo Inc.	Manufacturing	65,585,561	0.16
Utility Lines Construction Services	Utility	61,106,805	0.15
M/I Homes of Charlotte	Home Builder	59,994,600	0.15
Total assessed valuation of top 10 taxpayers		$ 1,390,834,251	3.47%
Total County-wide assessed valuation		$40,138,619,953	

2024-25 Budget Commentary

The fiscal year 2025 (FY 2025) adopted general fund budget was set at $413.8 million, a $31.3 million decrease from the fiscal year 2024 (FY 2024) budget of $445.1 million. This reduction is due to a $37.7 million decrease in one-time interfund transfers, largely related to the division of the General Fund for budgetary purposes. The adopted fiscal year 2025 ad valorem tax rate remained constant from FY 2024 at 58.80 cents.

The debt service expenditures for fiscal year 2025 are estimated to be $55.9 million, reflecting an increase of $6.5 million compared to the fiscal year 2024 adopted budget. Operating costs for fiscal year 2025 are estimated to increase by 5.6% over the 2024 adopted budget primarily due to inflationary pressures.

The ad valorem property tax is the County's largest source of revenue. Across all funds, this funding source makes up approximately 40 percent of total general fund revenue. The assessed value of property is subject to the property tax rate, levied by the Board of County Commissioners (BOCC), per $100 of value. The estimated assessed valuation of the County of real, personal, motor vehicle, and public utility property for FY 2025 is $40.8 billion, a $1.67 billion (4.25 percent) increase over FY 2024. The increase in assessed valuation is driven by steady growth in the housing market as new residents prove the County to be a community of choice.

Sales Tax Revenue, which includes taxes on retail sales and leases of tangible and personal property, represents the third largest source of revenue across all funds, comprising 13.2 percent of all revenues. Local option sales tax receipts are budgeted at $8.2 million less, from $84.8 million in FY 2024 to $76.6 million in FY 2025. This irregular change is due to the significant decrease in sales tax revenue post pandemic period. Sales tax revenues deflated over a period of twelve months until recently stabilized going into FY 2025. Federal Grant Revenue makes up 3.3 percent of the Total Revenue. It is anticipated that Federal Grant Revenue will decrease by 1 percent or $208,520 going from $19.4 million to $19.2 million in FY 2025. In Human Services, Federal Grants are anticipated to also decrease by 1.2 percent, going from $18.6 million in FY 2024 to $18.4 million in FY 2025. Investment income is expected to more than double by nearly $2.8 million across all funds, from $2.5 million to $5.3 million in FY 2025. This increase of 116 percent is based on changes to the investment markets. This is one positive repercussion of the U.S. Federal Reserve Board raising the federal funds rate, causing expected market returns to also increase.

Other funding sources are made up of the various uses of fund balance. The County General Fund FY 2024 adopted budget included fund balance usage of $40.2 million. In FY 2025, the adopted usage is $21.3 million for one-time capital projects.

2025-26 Budget Outlook

The 2025-2026 fiscal year (FY2026) is a revaluation year for Union County. In North Carolina, county assessors re-evaluate the fair market value of all real estate within a county to ensure it's aligned with current market conditions. This process is mandated by state law.

The approved tax rate for the FY2026 budget is 43.42 cents and is 1.82 cents above the revenue-neutral rate. A revenue-neutral tax rate refers to a calculated rate that would generate the same revenue, accounting for growth, as the year prior to revaluation. The proposed tax rate of 1.82 cents above the revenue-neutral rate is intended to cover debt obligations for Union County Public Schools and South Piedmont Community College.

Sales tax is budgeted at $76,475,439 for FY2026. This is an increase of 5% from FY2025. The County General Fund budget for operating is increasing by $13.6 million and supports tax-funded services, county department programs and services, the Union County Sheriff's Office, supporting community partners, and other crucial services residents rely on.

Key investments in the proposed budget include:

- Economic development expansion
- Enhanced public health and public safety
- Additional operating funding for Union County Public Schools (UCPS), including renovation of the existing Forest Hills High School for the relocation of East Union Middle School and design and pre-construction services for the replacement of Parkwood High School
- Full funding of UCPS's $20.8 million operational capital request, supporting facility maintenance, upgrades, and student learning environments.
- Additional operating funding for South Piedmont Community College, including the construction of a new Center for Entrepreneurship
- Increased funding for a Senior Nutrition program to reduce the waitlist of senior residents seeking support with meals
- Additional salary adjustments for County employees based on a comprehensive compensation study

Cybersecurity

The County, like other public and private entities, faces multiple cybersecurity threats including, but not limited to hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems. These threats could result in adverse consequences to the County, including but not limited to, operational disruption and misappropriation of assets or information. The County has implemented multiple operational safeguards and cybersecurity procedures. However, no assurance can be given that such measures will protect against, or mitigate the impact of, the financial or operational damages that could result from a cybersecurity attack.

Pension Plans

The County participates in the North Carolina Local Governmental Employees' Retirement System.

North Carolina Local Governmental Employees' Retirement System — The North Carolina Local Governmental Employees' Retirement System ("LGERS") is a cost-sharing, multiple-employer, defined benefit pension plan administered by the State. While the State Treasurer is the custodian of LGERS funds, administrative costs are borne by the participating employer governmental entities. The State makes no contributions to LGERS.

LGERS provides, on a uniform system-wide basis, retirement and, at each employer's option, death benefits from contributions made by employers and employees. Employee members contribute six percent of their individual compensation. Each new employer makes a normal contribution plus, where applicable, a contribution to fund any accrued liability over a 24-year period. The normal contribution rate, uniform for all employers, in FY 2025 was 13.60% of eligible payroll for general employees and 15.10% of eligible payroll for law enforcement officers. The contribution rate for FY 2026 is set at 14.35% for general employees and 16.10% for law enforcement officers. The accrued liability contribution rate is determined separately for each employer and covers the liability of the employer for benefits based on employees' service rendered prior to the date the employer joins LGERS. The County's contributions to LGERS for the fiscal years ended June 30, 2023, and 2024 were $10,002,124 and $11,617,665, respectively. The contributions made by the County equaled the required contribution for each year.

Members qualify for a vested deferred benefit at age 60 after at least five years of creditable service to the unit of local government. Unreduced benefits are available: at age 65, with at least five years of creditable service; at age 60, with at least 25 years of creditable service; or after 30 years of creditable service, regardless of age. Benefit payments are computed by taking an average of the annual compensation for the four consecutive years of membership service yielding the highest average. This average is then adjusted by a percentage formula, by a total years of service factor, and by an age service factor if the individual is not eligible for unreduced benefits.

Contributions to the system are determined on an actuarial basis. For information concerning the County's participation in the North Carolina Local Governmental Employees' Retirement System and the Supplemental Retirement Income Plan of North Carolina see the Notes to the County's Audited Financial Statements in Appendix D.

Financial statements and required supplementary information for the North Carolina Local Governmental Employees' Retirement System are included in the Annual Comprehensive Financial Report for the State. Please refer to the State's Annual Financial Report for additional information.

Special Separation Allowance — The County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified employees. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the employee for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. The Separation Allowance is reported in the County's financial report as a pension trust fund.

At June 30, 2024, the County reported a net pension liability of $15,176,361. The net pension liability was measured as of December 31, 2023. The total pension liability of $20,295,344 used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of December 31, 2023.

The covered payroll (annual payroll of active employees covered by the plan) was $28,147,085 and the net pension liability as a percentage of covered employee payroll was 53.92%. See the County's Audited Financial Statements in Appendix D to this Official Statement for more information.

Supplemental Retirement Income Plan — All regular full-time and regular part-time employees of the County participate in the Supplemental Retirement Income Plan, a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. Each month, the County contributes an amount equal to 5% of each employee's salary. All amounts contributed are vested immediately. Contributions for the year ended June 30, 2024 were $6,809,134, which consisted of $4,362,119 from the County and $2,447,015 from employees.

Other Post-Employment Benefits (OPEB) – Retiree Health and Dental Benefits

Under the terms of a County resolution, the County administers a single-employer defined benefit Retiree Healthcare Benefits Plan (the "RHCB Plan"). As of July 1, 2008, this plan provides post-employment healthcare benefits to retirees of the County, provided that they retire from service under the provisions of the North Carolina Local Governmental Employees' Retirement System or the North Carolina Law Enforcement Officer's Benefit and Retirement Fund (together the "Systems") and immediately prior to such retirement have earned 10 consecutive years of credible, continuous service with the County. Employees hired on or after July 1, 2008 require 20 years of creditable, continuous service with the County and must retire from service under the Systems to receive the post-employment healthcare benefit. Employees hired on or after July 1, 2013, are not eligible to participate in the RHCB Plan.

Retirees under age 65 and their eligible dependents are eligible to receive the same medical benefits (including prescription drug and vision benefits) as active, full-time employees through the County group health and dental plan. Retirees pay the same monthly premium(s) for coverage as active employees.

Coverage for eligible retirees and covered spouses in the County group health and dental plan ends on the day the retiree attains age 65. In addition, all coverage (except COBRA) in the County group health and dental plan ends for covered spouses upon the death of an eligible retiree who had not attained age 65. Retirees aged 65 or older are eligible for coverage in a Medicare Supplemental plan as well as a prescription drug plan. Retirees do not contribute towards the cost of this plan. Spouses are not eligible for post-65 coverage. All employees hired on or after July 1, 2013, are not eligible to receive Supplement to Medicare Benefit.

The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended, subject to certain limitations, by the County. The County plans to fund its OPEB obligations on a pay as you go basis. The County determines the annual contribution to the trust based on the actuarial determined contribution suggested by the prior year actuarial report. Once approved by the Board of Commissioners, the County makes cash contributions to the trust throughout the fiscal year. The Trustee is responsible for maintaining records and accounts for the assets of the Trust. The County invests the assets of the Trust pursuant to the North Carolina General Statute 159-30 or deposited with the State Treasurer for investment pursuant to General Statute 147-69.2.

As of June 30, 2024, the County reported a net OPEB liability of $65,990,447 and a ratio of fiduciary net position to total OPEB liability of 52.03%. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. For more information about the County's OPEB liability, actuarial assumptions and sensitivity of net OPEB liability to changes in the discount rate and changes in health care cost trends, see Notes to the County's Audited Financial Statements in Appendix D.

THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION

The Local Government Commission (the "Commission") is composed of nine members: the State Treasurer, the Secretary of State, the State Auditor, the Secretary of Revenue, and five others by appointment (three by the Governor, one by the General Assembly upon recommendation of the President Pro Tempore of the Senate and one by the General Assembly upon recommendation of the Speaker of the House of Representatives). The State Treasurer serves as Chairman and selects the Secretary of the Commission, who heads the administrative staff serving the Commission.

A major function of the Commission is the approval, sale, and delivery of substantially all North Carolina local government bonds and notes. A second key function is monitoring certain fiscal and accounting standards prescribed for units of local government by The Local Government Budget and Fiscal Control Act. In addition, the Commission furnishes, upon request, on-site assistance to units of local government concerning existing financial and accounting systems as well as aid in establishing new systems. Further, educational programs and materials are provided for local officials concerning finance and cash management.

Before any unit of local government can incur bonded indebtedness, the proposed bond issue must be approved by the Commission. In determining whether to give such approval the Commission may consider, among other things, the unit's debt management procedures and policies, its compliance with The Local Government Budget and Fiscal Control Act, and its ability to service the proposed debt. All general obligation issues are customarily sold based on formal sealed bids submitted at the Commission's offices in Raleigh and are subsequently delivered to the successful bidder by the Commission. The Commission maintains records for all units of local government of principal and interest payments coming due on bonded indebtedness in the current and future years and monitors the payment by the units of local government of debt service through a system of monthly reports.

As a part of its role in assisting and monitoring the fiscal programs of units of local government, the Commission attempts to ensure that the units of local government follow generally accepted accounting principles, systems, and practices. The Commission's staff also counsels the units of local government in treasury and cash management, budget preparation, and investment policies and procedures. Educational programs, in the form of seminars or classes, are also provided by the Commission to accomplish these tasks. The monitoring of the financial systems of units of local government is accomplished through the examination and analysis of the annual audited financial statements and other required reports. The Local Government Budget and Fiscal Control Act requires each unit of local government to have its accounts audited annually by a certified public accountant or by an accountant certified by the Commission as qualified to audit local government accounts. A written contract must be submitted to the Secretary of the Commission for his or her approval before the commencement of the audit.

The Commission has the statutory authority to impound the books and records of any unit of local government and assume full control of all its financial affairs (a) when the unit defaults on any debt service payment or, in the opinion of the Commission, will default on a future debt service payment if the financial policies and practices of the unit are not improved or (b) when the unit persists, after notice and warning from the Commission, in willfully or negligently failing or refusing to comply with the provisions of The Local Government Finance Act. When the Commission takes action under this authority, the Commission is vested with all of the powers of the governing board of the unit of local government as to the levy of taxes, expenditure of money, adoption of budgets, and all other financial powers conferred upon such governing board by law.

In addition, if a unit of local government fails to pay any installment of principal or interest on its outstanding debt on or before its due date and remains in default for 90 days, the Commission may take such action as it deems advisable to investigate the unit's fiscal affairs, consult with its governing board and negotiate with its creditors to assist the unit in working out a refinancing plan, adjusting or compromising such debt. When a plan is developed that the Commission finds to be fair and equitable and reasonably within the ability of the unit of local government to meet, the Commission will enter an order finding that the plan is fair, equitable, and within the ability of the unit to meet and will advise the unit to take the necessary steps to implement such plan. If the governing board of the unit declines or refuses to do so within 90 days after receiving the Commission's advice, the Commission may enter an order directing the unit to implement such a plan and may apply for a court order to enforce such order. When a refinancing plan has been put into effect, the Commission has the authority (a) to require any periodic financial reports on the unit's financial affairs that the Secretary of the Commission deems necessary and (b) to approve or reject the unit's annual budget ordinance. The governing board of the unit of local government must also obtain the approval of the Secretary of the Commission before adopting any annual budget ordinance. The power and authority granted to the Commission as described in this paragraph will continue regarding a defaulting unit of local government until the Commission is satisfied that the unit has performed or will perform the duties required of it in the refinancing plan and until agreements made with the unit's creditors have been performed with following such plan.

APPENDIX C

Management Discussion and Analysis

The following is Management's Discussion and Analysis of the financial activities of the County, lifted from the Annual Comprehensive Financial Report for Union County for the fiscal year ended June 30, 2024. Management's Discussion and Analysis provides an objective and easily readable short and long-term analysis of the County's financial activities based on currently known facts, decisions, or conditions. Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The independent auditors of the County have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, they did not audit this information and did not express an opinion on it.

Management’s Discussion and Analysis

As management of Union County (the "County"), we offer readers of Union County’s financial statements narrative overview and analysis of the financial activities of Union County for the fiscal year ended June 30, 2024. We encourage readers to read the information presented here in conjunction with additional information furnished in the letter of transmittal, which begins on page A3 of this report, and the County’s financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources at the close of the most recent fiscal year by $421,473,588 (*net position*), an decrease of $10,679,324.

- Union County’s governmental activities’ total a net position reflected a deficit of $27,195,363. In accordance with North Carolina general statutes, the County is financially responsible for funding school facilities and the issuance of any debt in connection with school facilities; however, since school assets are not reflected in the County’s financial statements, school capital improvements are expended annually.

- At the close of the current fiscal year, Union County’s governmental funds reported combined fund balances of $344,637,136, an decrease of $60,435,903 in comparison with the prior year. Approximately 4.5 percent of this amount $15,402,516 is available for appropriation at the County’s discretion (*unassigned fund balance*).

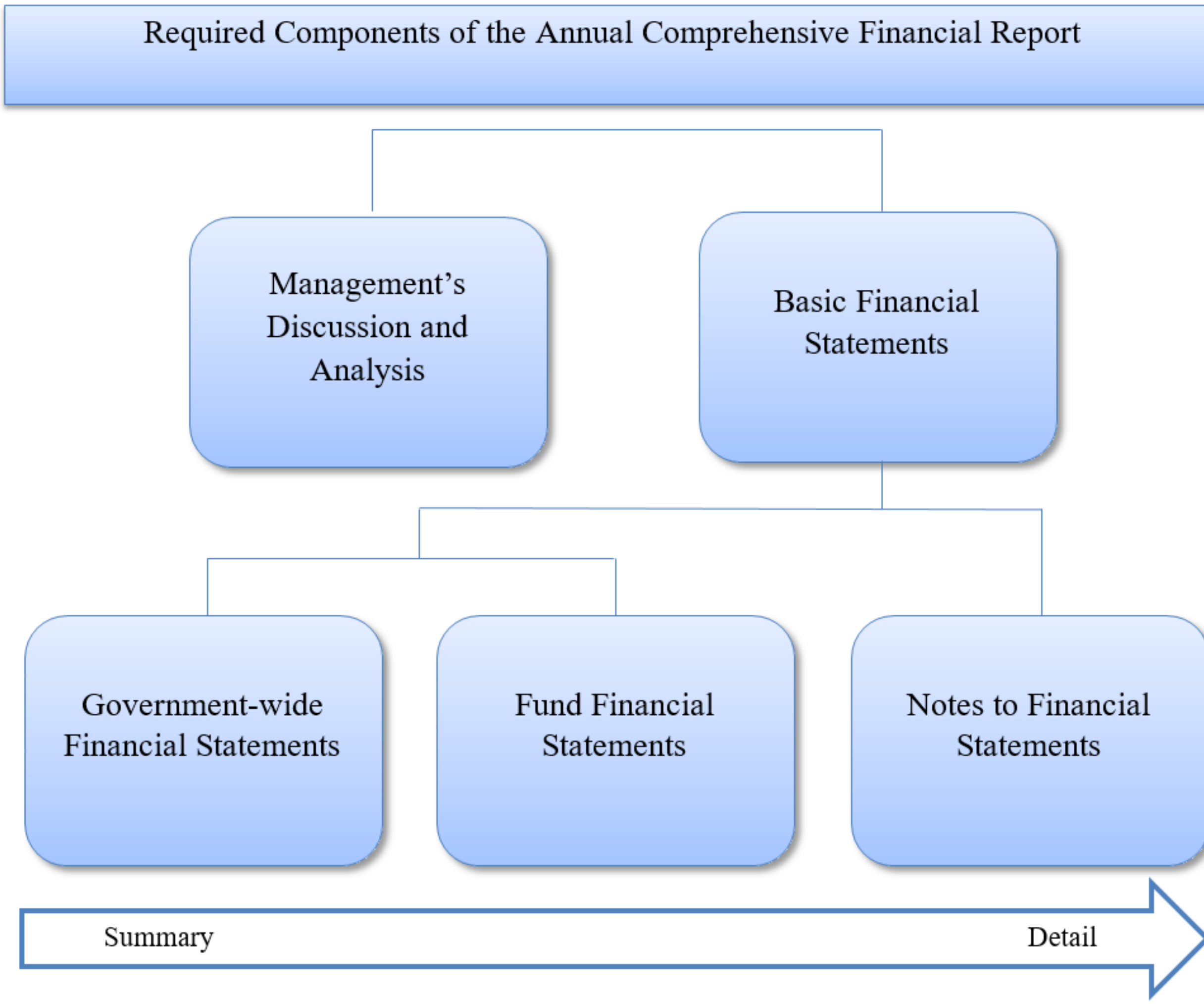
- At the end of the current fiscal year, the unrestricted fund balance (the total of the *committed*, *assigned,* and *unassigned* components of *fund balance*) for the general fund was $114,772,342, or approximately 32.3 percent of total general fund expenditures for FY 2024.

- Union County’s total outstanding long-term debt decreased by $44,684,000 or 5 percent during the current fiscal year. The key factors in this change in the debt balance were annual debt service payments during FY 2024.

- Union County maintained its ratings to Aaa/AAA/AAA on the general obligation bond ratings. Union County's enterprise system revenue bonds maintained its AA+/AA bond ratings from Standard & Poor's and Fitch, respectively.

Overview of the Financial Statements

The management's discussion and analysis are intended to serve as an introduction to the County’s basic financial statements. The County’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 County 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 Union County.



Basic Financial Statements
The first two statements (Exhibits A & B) in the basic financial statements are the **Government-Wide Financial Statements.** They provide both short and long-term information about the County's financial status.

The next statements (Exhibits C through L) are **Fund Financial Statements.** These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds and internal service funds, each of which are added together in separate columns on the basic financial statements. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County'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 County's financial status as a whole.

The *statement of net position* presents financial information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the County's basic services such as public safety, human services, education, cultural and recreational, general government, and economic and physical development. Property taxes, local option sales taxes, and state and federal grant funds finance most of these activities. The business-type activities are those the County charges customers to provide. These include the water, sewer and solid waste services offered by Union County.

The government-wide financial statements are on Exhibits A & B of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County'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. Union County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements, such as the North Carolina General Statutes or the County's budget ordinance. All of the County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Most of the County'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*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps to determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the *Statement of Net Position* and the *Statement of*

Activities, Exhibits A and B) and governmental funds (Exhibits C and E) is described in reconciliations (Exhibits D and F) that are a part of the fund financial statements.

Union County 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 County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County 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.

Proprietary Funds – Union County maintains two different types of proprietary funds, Enterprise and Internal Service. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Union County uses enterprise funds to account for its water and sewer activity and solid waste activity.

Internal service funds are an accounting mechanism used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for health benefits, worker's compensation and property and casualty insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer and Solid Waste operations. Conversely, the internal service funds are combined in a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements, in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found in Exhibits H through J of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Union County maintains five different fiduciary funds. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. The accounting method used for fiduciary funds is much like that used for proprietary funds.

Union County maintains two different types of fiduciary funds; *pension trust funds* and *custodial funds*. Two *Pension Trust Funds* are used to report resources held in trust for qualified County retirees covered by the Special Separation Allowance Fund and the Other Postemployment Retiree Healthcare Benefits (OPEB) Fund.

The *Custodial Funds* report resources held by Union County in a custodial capacity for individuals, private organizations, or other governments. These funds include the Jail Inmate Fund, Municipal Tax Collection Fund, and Gross Rental Receipts Tax Fund.

The basic fiduciary fund financial statements can be found in Schedules 57 and 58 of this report.

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 C15 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain *required supplementary information* concerning Union County's progress in funding its obligation to provide special separation allowance benefits, pension benefits and other postemployment retiree healthcare benefits (OPEB) to its retired employees. Required supplementary information can be found beginning on page D-1 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, internal service funds, and fiduciary pension trust and custodial funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on Schedules 1 through 17 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by $421,473,588 as of June 30, 2024. Reflected in the deferred outflows were contributions to the pension plans as well as deferred loss on refundings and deferred unamortized debt defeasances. Deferred Inflows reflected the pension plans, leases, and deferred gain on debt refundings. One of the largest portions, $338,310,397, reflects the County's net investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles, right to use assets and infrastructure) less any related outstanding debt that was issued to acquire those assets. The increase in capital assets in FY 2024 over FY 2023, is contributed to opening the Union County Southwest Regional Library as well as recognizing right to use subscription assets. Also, contributing is the continuation of construction for the Yadkin Regional Water Treatment Plant. Union County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although Union County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Union County's net position, $232,787,464, represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of $149,624,273 is unrestricted.

At the end of the current fiscal year, Union County reports a negative balance unrestricted category of net position for governmental activities and positive balances for business-type activities. The same situation held true in prior fiscal years.

Net Position
June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	$ 556,153,349	$ 620,158,045	$ 256,394,044	$ 269,178,799	$ 812,547,393	$ 889,336,844
Capital Assets	25,065,939	159,859,545	79,945,250	666,745,766	105,011,189	826,605,311
Total Assets	581,219,288	780,017,590	336,339,294	935,924,565	917,558,582	1,715,942,155
Total Deferred Outflows of Resources	78,269,505	61,742,902	12,579,357	9,355,435	90,848,862	71,098,337
Long-Term Liabilities	546,619,462	555,997,766	462,980,740	471,343,218	1,009,600,202	1,027,340,984
Other Liabilities	111,566,484	96,286,833	38,433,449	41,264,147	149,999,933	137,550,980
Total Liabilities	658,185,946	652,284,599	501,414,189	512,607,365	1,159,600,135	1,164,891,964
Total Deferred Inflows of Resources	171,640,810	186,215,037	2,330,845	3,780,579	173,971,655	189,995,616
Net Position:						
Net investment in capital assets	73,828,805	67,197,900	264,481,592	254,079,819	338,310,397	321,277,719
Restricted	232,409,686	227,642,813	377,778	251,004	232,787,464	227,893,817
Unrestricted	(333,433,854)	(291,579,857)	183,809,581	174,561,233	(149,624,273)	(117,018,624)
Total net position	$ (27,195,363)	$ 3,260,856	$ 448,668,951	$ 428,892,056	$ 421,473,588	$ 432,152,912

As with many counties in the State of North Carolina, the County's Governmental Activities deficit in unrestricted net position in the amount of $333,433,854 is due primarily to the portion of the County's outstanding debt incurred for the Union County Board of Education (the "school") and South Piedmont Community College (the "community college"). Under North Carolina general statute, the County is responsible for providing capital funding for the school and community college systems. The County has chosen to meet its legal obligation to provide the systems' capital funding by using a mixture of County funds, general obligation debt and installment financing. The assets funded by the County, unless otherwise obligated, are titled to, and utilized by the school and community college systems. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets.

Though the County has a negative unrestricted net position, the County's finances continue to be strong. The County's property tax collection rate is at 100%. During FY 2024, the County opened a new facility; the Union County Southwest Regional Library, spent down bond funds on several open projects, completed the Yadkin Regional Water Treatment Plant and entered into additional right to use assets for leases and subscriptions. These accomplishments increased the overall value in capital assets by $25,043,812 in FY 2024.

Long term liabilities decreased $17,740,782 from FY 2023. This reflects the liabilities for the County's outstanding debt, County's pension plans including the Local Government Employees Retirement System with a net liability of $64,809,622, OPEB with a net liability of $65,990,447 and a net liability of $15,176,361 in the Separation Allowance Fund. Other liabilities include accrued landfill postclosure care cost, grant funding due to other governments unspent including the American Rescue Plan Act. . The deferred inflows in FY 2024 decreased by $16,023,961 compared to FY 2023. The majority of this decrease reflects pension plans changes in assumptions, pension plan differences between expected and actual experiences, and a decrease in deferred lease payments.

The County's overall net position decreased $10,679,324 from the prior fiscal year. Key elements of this decrease are included below:

Union County, North Carolina
Changes in Net Position
June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for Services	$ 27,896,677	$ 25,380,255	$ 90,831,816	$ 88,933,564	$ 118,728,493	$ 114,313,819
Operating grants and contributions	53,249,499	68,495,234	(2,080,152)	4,706,371	51,169,347	73,201,605
Capital grants and contributions	729,811	-	17,297,076	12,395,716	18,026,887	12,395,716
General Revenues:						
Property taxes	251,629,252	240,724,747	-	-	251,629,252	240,724,747
Other taxes	79,550,774	78,365,081	-	-	79,550,774	78,365,081
Grants and contributions not restricted to a specific purpose	220,156	130,927	-	-	220,156	130,927
Other	22,145,721	10,897,742	8,329,941	4,823,111	30,475,662	15,720,853
Total Revenues	435,421,890	423,993,986	114,378,681	110,858,762	549,800,571	534,852,748
Expenses:						
General government	38,567,467	33,886,683	-	-	38,567,467	33,886,683
Public safety	105,841,345	92,602,509	-	-	105,841,345	92,602,509
Economic and physical Environment	6,021,141	5,585,773	-	-	6,021,141	5,585,773
Human Services	62,297,408	59,608,975	-	-	62,297,408	59,608,975
Cultural and recreational	11,313,809	8,691,375	-	-	11,313,809	8,691,375
Education	220,924,425	150,878,680	-	-	220,924,425	150,878,680
Interest and fees on long-term debt	19,262,514	16,330,847	-	-	19,262,514	16,330,847
Water and sewer	-	-	86,797,790	70,410,768	86,797,790	70,410,768
Solid waste	-	-	9,453,996	9,728,256	9,453,996	9,728,256
Total Expenses	464,228,109	367,584,842	96,251,786	80,139,024	560,479,895	447,723,866
Excess (deficiency) or revenues over (under expenditures)	(28,806,219)	56,409,144	18,126,895	30,719,738	(10,679,324)	87,128,882
Transfers	(1,650,000)	-	1,650,000	-	-	-
Change in net position	(30,456,219)	56,409,144	19,776,895	30,719,738	(10,679,324)	87,128,882
Net position as of July 1	3,260,856	(53,149,288)	428,892,056	398,172,318	432,152,912	345,023,030
Prior period restatement	$ -	$ -	$ -	$ -	$ -	$ -
Net position as of June 30	$ (27,195,363)	$ 3,260,856	$ 448,668,951	$ 428,892,056	$ 421,473,588	$ 432,151,912

Governmental Activities – During the current fiscal year, net position for governmental activities decreased by $30,456,219, to reach a negative balance of $27,195,363. This is due primarily to previously mentioned increase in expenses in functional programs expenses , including education and public safety and a decrease in operating grants and contributions within the general governmental departments. The County also recognized an increase in property taxes due to higher property tax values, as well as a higher yielding investment earnings compared to FY 2023.

The majority of the County's expenses are related to education, $220,924,425 (47.6 percent); public safety, $105,841,345 (22.8 percent); and human services, $62,297,408 (13.4 percent).

FY 2024 Program Revenues and Expenses - Government Activities

	General Government	Public Safety	Economic and Physical Development	Human Services	Culture and Recreation	Education	Interest and Fees on Long-Term Debt
Program Revenues	$ 16,006,454	$ 12,495,443	$ 1,192,586	$ 32,704,792	$ 1,243,292	$ 18,233,420	$ -
Expenses	$ 38,567,467	$ 105,841,345	$ 6,021,141	$ 62,297,408	$ 11,313,809	$ 220,924,425	$ 19,262,514

Business-type Activities – For Union County's business-type activities, the results for the current fiscal year were positive in that overall net position increased by $19,776,895 to reach an ending balance of $448,668,951. The FY 2024 budget reflected an increase of water and sewer revenue based on rate increase as well as a growing customer base that contributed to the necessary funding for capital and operations. Solid Waste saw an increase in charges for services over expenses during FY 2024. Also, reflected in the business-type activities was an increase in investment earnings over FY 2024.

The majority of the County's business-type expenses are related to water and sewer, $86,797,790 (90.2 percent) and solid waste, $9,453,996 (9.8 percent).

FY 2024 Program Revenues and Expenses - Business-type Activities				
		Water and Sewer		Solid Waste
Program Revenues	$	95,155,726	$	10,893,014
Expenses	$	86,797,790	$	9,453,996

Financial Analysis of the County's Funds

As noted earlier, Union County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of Union County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance (fund balance available for appropriation), may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, Union County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by Union County's Board of Commissioners.

At June 30, 2024, Union County's governmental funds reported combined fund balances of $344,637,136, an decrease of $60,435,903 in comparison with the prior year. Approximately 4.5 percent of this amount $15,402,516 constitutes *unassigned fund balance*, which is available for appropriation at the Board of County Commissioners' discretion. The remainder of the fund balance is either *nonspendable, restricted, committed,* or *assigned* to indicate that it is 1) nonspendable and not in a spendable form $70,090, 2) restricted to specific purposes as imposed by law $183,689,793, 3) committed amounts that can be used only for the specific purposes determined by a formal action of the Board of County Commissioners $71,513,449, or 4) assigned and intended to be used for specific purposes $73,961,288.

Governmental Funds Components of Fund Balance for the Fiscal Year Ended June 30, 2024 and 2023		
	2024	2023
Nonspendable	$ 70,090	$ 61,142
Restricted	183,689,793	226,840,266
Committed	71,513,449	71,391,899
Assigned	73,961,288	77,716,965
Unassigned - other	15,402,516	29,062,767

The General Fund is the chief operating fund of Union County. At the end of the current fiscal year, the County's unassigned fund balance of the General Fund was $18,081,143, while total fund balance decreased by $15,682,829, from $167,680,564 to $151,997,735. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures.

The Board of Commissioners has determined that the County should maintain an available reserved fund balance of 20 percent of total expenditures including regular inter-fund transfers in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. As of June 30, 2024 the County has a fund balance (based on committed, assigned, and unassigned) of 32.3 percent of general fund expenditures, while total fund balances represent 42.7 percent of that same amount.

General Fund Components of Fund Balance for the Fiscal Year Ended June 30, 2024 and 2023		
	2024	2023
Nonspendable	$ 70,090	$ 61,142
Restricted	37,155,303	31,694,610
Committed	71,513,449	71,391,899
Assigned	25,177,750	22,169,876
Unassigned - other	18,081,143	42,363,037

During fiscal year 2024, Union County spent down bond premiums associated with Schools Series 2023 General Obligation Bonds, and appropriated unassigned fund balance for one-time expenditures. In addition to these changes the County's Local Option Sales Tax collections were less than estimated, Ad Valorem collections were higher than estimated, and overall investment earnings increased compared to the prior year.

The General Special Revenue Fund saw an decrease of $448,410 in the overall fund balance in FY 2024. The majority of this decrease is related to the transfer to other funds for ARPA related projects.

The fund balance of the General Capital Project Fund, a major fund, had a net decrease of $45,138,811 to $183,417,952. There were $110,754,289 of capital and related expenditures during the current fiscal year. There were $55,536,117 in transfers from other governmental funds.

Proprietary Funds – Union County's proprietary funds provide the same type of information found in the government-wide statements but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the year was $176,754,564; an increase of $9,493,235. The overall net position of the Water and Sewer Fund increased by $17,063,003 to $434,798,376. A portion of the net position, net investment in capital assets decreased by $7,442,994 to $257,666,034.

Unrestricted net position of the Solid Waste Fund at the end of the year was $6,919,601; an increase of $321,821. The increase in the unrestricted net position is related to an increase in revenue collections and a decrease in landfill post closure care cost.

General Fund Budgetary Highlights

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

The General Fund final budget for expenditures increased $16,929,422 primarily due to increases in education, and public safety ,program expenses as well as interest on long term debt. The General Fund final budget for revenue increased by $3,040,055, primarily due to an increase in tax collections. and investment earnings.

Final Budget Compared to Actual Results – The most significant differences between estimated revenues and actual revenues were as follows:

FY 2024 General Fund Revenue Compared to Estimates

	Estimated	Actual	Differences
Ad valorem taxes	$ 230,586,259	$ 237,639,699	$ 7,053,440
Local option sales tax	81,081,605	71,136,224	(9,945,381)
Other taxes and license	4,125,500	4,080,804	(44,696)
Intergovernmental	51,185,931	46,854,597	(4,331,334)
Permits and fees	5,454,724	5,232,309	(222,415)
Sales and services	6,496,386	6,710,600	214,214
Investment earnings	1,213,500	11,015,431	9,801,931
Miscellaneous	7,735,780	9,146,458	1,410,678

Ad valorem taxes collected over the estimated budget amount were due to discoveries and increased motor vehicle values during FY 2024. The trends in local option sales tax collected decreased compared to prior year trends which indicated much higher sales tax collections following the pandemic therefore leading to collecting less than anticipated from prior year collections; it is anticipated that local option sales tax trends will return to prior year averages with minimum increases compared to the last two fiscal years as seen across the State of North Carolina, intergovernmetal revenues were collected at less than estimated revenues due to unspent grant funding programs mainly within health and human services, investment earnings were higher than expected mainly due to the interest market rate environment being much higher.

Capital Assets and Debt Administration

Capital Assets – Union County's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to $105,011,189 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, right to use leased assets, right to use subscription assets and water and wastewater infrastructure. The total increase in capital assets for the current fiscal year was approximately (87.2) percent.

Union County, North Carolina
Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	$ 21,424,623	$ 19,819,646	$ 8,895,834	$ 8,895,834	$ 30,320,457	$ 28,715,480
Buildings	120,583,641	111,717,190	9,690,230	8,400,129	130,273,871	120,117,319
Improvements other than buildings	2,833,954	3,121,228	586,984,459	267,440,349	589,818,413	270,561,577
Machinery and equipment	13,761,253	13,372,011	5,943,321	6,530,778	19,704,574	19,902,789
Construction in progress	3,641,316	8,263,031	71,049,416	375,326,402	74,690,732	383,589,433
Right to use lease assets	1,447,729	1,520,082	66,364	74,091	1,514,093	1,594,173
Right to use subscription assets	4,516,023	2,046,357.00	810,960	78,183	5,326,983	2,124,540.00
Total Capital Assets	$ 168,208,539	$ 159,859,545	$ 683,440,584	$ 666,745,766	$ 851,649,123	$ 826,605,311

Major capital asset transactions during the year include:

- Purchase and replacement of public safety vehicles and related mobile data equipment; and replacement of transportation, water and sewer operations, and solid waste operations vehicles
- Finalized of construction of Southwest Union Library
- Continuation of engineering, design and construction of 762 Zone Elevated Storage Tank
- Continuation of construction of Short Water Line Extensions
- Continuation of engineering, design and construction of Twelve Mile Creek sewer system expansion
- Continuation of engineering, design and construction of 853 West Pressure Zone improvements
- Continuation of construction of Yadkin River Water Supply water system improvements

Additional information on Union County's capital assets can be found in Note 5 of this report.

Long-Term Debt – At the end of the current fiscal year, the County had total debt outstanding of $827,565,000 Of this amount, $385,927,000 is debt backed by the full faith and credit of the government. The remainder of Union County's long-term obligations is comprised of certificates of participation, installment financing, limited obligation bonds, and revenue bonds.

Union County, North Carolina
Outstanding Debt

	Governmental Activites		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	$ 385,927,000	$ 414,172,000	$ -	$ -	$ 385,927,000	$ 414,172,000
Certificates of participation	25,135,000	29,795,000	-	-	25,135,000	29,795,000
Installment financing	4,478,000	4,852,000	-	-	4,478,000	4,852,000
Revenue Bonds	-	-	412,025,000	423,430,000	412,025,000	423,430,000
Total	$ 415,540,000	$ 448,819,000	$ 412,025,000	$ 423,430,000	$ 827,565,000	$ 872,249,000

Union County's total outstanding principal debt decreased by $44,684,000 during the past fiscal year. The change is mainly due to annual debt service payments.

As mentioned in the financial highlights section of this document, Union County maintained its ratings of Aaa/AAA/AA on the general obligation bonds. The Enterprise System Revenue bond rating for the County was maintained at AA+ from Standard & Poor's Corporation and at Aa1/AA from Fitch Ratings and Moody's Investment Services reduced at Aa2/Aa1. The bond rating is a clear indication of the sound financial condition of Union County. Union County is one of the few counties in the country that maintains high financial ratings from all major rating agencies. This achievement is a key factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Union County is $2,762,824,600.

Additional information regarding Union County's long-term debt can be found in Note 14 of this report.

Economic Factors and Next Year's Budgets and Rates

- The following economic factors currently affect Union County and were considered during the development of the FY 2025 budget and rates:
- North Carolina's statewide unemployment rate (not seasonally adjusted) was 4.1 percent in June 2024, increasing from June's 2023 revised rate of 3.6 percent.
- The North Carolina unemployment rate has increased during the first half of 2024 to 4.3 percent in July.[3] By December of 2024, the state's unemployment rate is expected to be at 4 percent.
- North Carolina real GDP is forecast to increase by 2.3 percent over the 2024 level. All of the fifteen of the state's economic sectors are expected to experience output increases during 2025. The sectors with the strongest expected growth rates are information with a real increase of 5.1percent, followed by mining with a real increase of 3.4 percent, constructions with a real increase of 3.0 percent and agriculture with a real increase of 2.7 percent.
- North Carolina establishments are forecasted to add 53,400 new jobs during the 2025 year. a net increase of 1.1 percent.

- During fiscal year 2024 there were 375 commercial, and 4037 residential construction permits issued county-wide, compared to fiscal year 2023 of 597 commercial and 3793 residential permits: showing an increase in the residential number of permits. It is anticipated that the number of residential permits for 2025 would remain flat with current housing market trends.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Countywide, for FY 2025, estimated revenues and expenditures, including debt service expenditures, are anticipated to increase by 6.9 percent, or about $37.2 million, going from $540.9 million to $578.1 million.

Governmental Activities – Ad Valorem Taxes and Local Option Sales Tax provide the largest portion of funding for Union County. Ad Valorem Taxes are estimated to generate $258.6 million in FY 2025 largely due to steady growth in the housing market as new residents prove Union County to be a community of choice. This is an increase of 4.25 percent over the FY 2024 amount of $244.1 million. The tax rate for FY 2024 was set to 58.80 cents. Local sales tax is estimated to decrease from the 2024 budget by $8.2 million in FY 2025, a decrease of 9.7 percent. This decrease will level revenue after seeing significant fluctuations during the Covid period.

The Adopted FY 2025 General Fund Budget includes an increase to EMS operations and capital, increasing staff and establishing a Medical Examiner's Office, class and compensation adjustments for county employees, the final compliment of additional School Resource Officers, UCPS operations and capital, as well as General Fund and Sheriff's Office vehicle replacement. Expenditures in the General Funds (General Fund, General Fund Debt Fund, Economic Development Fund, Education Fund, and the Education Debt Fund) are anticipated to see an overall reduction of 7% or $31.3 million. This decrease in total expense reflects a decreased use of fund balance funding in FY 2025 as compared to FY 2024.

Business-type Activities – Enterprise charges provide most revenue sources for business type activities. Enterprise charges for water and wastewater are expected to increase by $8.4 million dollars in FY 2025 or 11%. Expenditures for water and wastewater will increase by the same (approx. 11%) as a result of additional personnel, meter purchases, and the introduction of the Yadkin Regional Water Treatment Plant to the system

It is important to note, as in previous years, the enterprise revenues are used only in the operations of the enterprises and are not used to fund general County operations.

Request for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or request for additional information should be directed to Beverly Liles, Finance Director/Chief Financial Officer, Union County, 500 N. Main Street, Monroe, North Carolina. You can also call (704)-283-3813, visit our website at www.unioncountync.gov, or send an email to finance@unioncountync.gov for more information.

NC Department of Commerce – Labor and Economic Analysis Division, New Release August 2024

1. Barings/UNC Charlotte Economic Forecast. September 5, 2024. http://belkcollege.uncc.edu/forecast

2. The County's data includes permits issued by Union County, City of Monroe, and the Town of Waxhaw

APPENDIX D

Financial Information

Financial Statements

The financial statements of the County have been audited by certified public accountants for the fiscal years ended June 30, 2024, 2023, and 2022. Copies of these financial statements containing the reports of the independent certified public accountants are available by contacting the office of Beverly Liles, Finance Director, at Union County, 500 North Main Street, Monroe, North Carolina 28112, or by visiting the County's website at www.unioncountync.gov.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Annual Comprehensive Financial Report for the 15th consecutive year, including the fiscal year ended June 30, 2024. To receive this award, the highest form of recognition in governmental financial reporting, a governmental unit must publish a financial report which complies with both generally accepted accounting principles and applicable legal requirements.

The County financial statements present the government-wide financial statements, which are shown on pages D-2 through D-3 of this official statement and include fund and budgetary reporting. The government-wide financial statements are prepared on the full accrual basis of accounting. The government-wide statements report capital assets and all long-term obligations, for both governmental-type and business-type activities. As a result, government officials can demonstrate operational accountability in their stewardship of public funds in the long-term, in addition to demonstrating fiscal accountability in the short-term through the budgetary statements.

Fund reporting is presented to report on the government's most important funds individually as *major* funds instead of reporting all funds in the aggregate by fund type. The General Fund is always a major fund for a unit of government, and other governmental or enterprise funds may qualify as well. In addition to presenting the budget as it stands at fiscal year-end, the budget is presented as originally adopted by the governing board as well. This information will provide readers the opportunity to see what changes have been made to the budget over the course of the fiscal year and to evaluate the County's ability to manage and estimate its resources. See page D-8 for the presentation of the County's budgetary statement.

The following financial statements are the Basic Financial Statements of the County and the notes thereto, lifted from the Annual Comprehensive Financial Report of the County for the fiscal year ended June 30, 2024.

Statement of Net Position
June 30, 2024

		Governmental Activities		Business Type Activities		Total
ASSETS						
Current assets:						
Cash and investments	$	173,863,803	$	168,604,814	$	342,468,617
Property taxes receivable (net)		1,133,572		-		1,133,572
Accounts receivable (net)		33,103,119		17,101,540		50,204,659
Current portion of lease receivable		2,297,752		-		2,297,752
Accrued interest receivable on leases		1,962,429		-		1,962,429
Inventories		58,250		1,822,860		1,881,110
Internal balances		(135,416)		135,416		-
Prepaid Items		11,840		-		11,840
Cash and investments, restricted		27,379,536		348,339		27,727,875
Cash and investments, restricted-deposits		582,422		1,711,038		2,293,460
Total current assets		240,257,307		189,724,007		429,981,314
Noncurrent assets:						
Cash and investments		31,873,693		16,610,538		48,484,231
Cash and Investments, restricted		133,998,480		4,346,016		138,344,496
Noncurrent portion of lease receivable		149,651,829		-		149,651,829
Net pension asset, ROD		372,040		-		372,040
Investment in joint venture		-		45,713,483		45,713,483
Capital assets:						
Land and other assets not being depreciated		25,065,939		79,945,250		105,011,189
Buildings, equipment, infrastructure and right-to-		143,142,600		603,495,334		746,637,934
Total noncurrent assets		484,104,581		750,110,621		1,234,215,202
Total assets		724,361,888		939,834,628		1,664,196,516
DEFERRED OUTFLOWS OF RESOURCES		78,269,505		12,579,357		90,848,862
Total assets and deferred outflows of resources		802,631,393		952,413,985		1,755,045,378
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities		29,028,414		21,547,019		50,575,433
Due to other governments		26,373,719		-		26,373,719
Liabilities payable by restricted assets		582,422		1,711,038		2,293,460
Workers' compensation claims		462,283		-		462,283
Health care benefits		1,954,336		-		1,954,336
Property and casualty claims payable		459,603		-		459,603
Current portion of compensated absences		7,625,309		1,266,721		8,892,030
Current portion of long-term obligations		45,080,398		13,908,671		58,989,069
Total current liabilities		111,566,484		38,433,449		149,999,933
Noncurrent liabilities:						
Accrued landfill postclosure care costs		-		5,372,981		5,372,981
Noncurrent portion of compensated absences		423,882		-		423,882
Net OPEB liability		56,337,584		9,652,863		65,990,447
Net pension liability, LGERS		55,746,602		9,063,020		64,809,622
Net pension liability, separation allowance		14,201,434		974,927		15,176,361
Noncurrent portion of long-term obligations		419,909,960		437,916,949		857,826,909
Total noncurrent liabilities		546,619,462		462,980,740		1,009,600,202
Total liabilities		658,185,946		501,414,189		1,159,600,135
DEFERRED INFLOWS OF RESOURCES		171,640,810		2,330,845		173,971,655
Total liabilities and deferred inflows of resources		829,826,756		503,745,034		1,333,571,790
NET POSITION						
Net investment in capital assets		73,828,805		264,481,592		338,310,397
Restricted for:						
Stabilization by State statute		50,011,238		-		50,011,238
General government		14,876,647		-		14,876,647
Public safety		12,575,097		-		12,575,097
Economic and physical development		7,210,629		-		7,210,629
Human services		6,244,162		-		6,244,162
Cultural and recreational		2,455,360		-		2,455,360
Education		138,664,513		-		138,664,513
Debt service		-		377,778		377,778
Pension benefits		372,040		-		372,040
Unrestricted		(333,433,854)		183,809,581		(149,624,273)
Total net position	$	(27,195,363)	$	448,668,951	$	421,473,588

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

Union County, North Carolina **Exhibit B**

Statement of Activities

For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Business-type Activities	Total
Primary government:							
General government	$ 38,567,467	$ 10,784,988	$ 5,221,466	$ -	$ (22,561,013)	$ -	$ (22,561,013)
Public safety	105,841,345	5,998,057	6,497,386	-	(93,345,902)	-	(93,345,902)
Economic and physical development	6,021,141	486,087	706,499	-	(4,828,555)	-	(4,828,555)
Human services	62,297,408	8,016,524	23,958,457	729,811	(29,592,616)	-	(29,592,616)
Cultural and recreational	11,313,809	982,282	261,010	-	(10,070,517)	-	(10,070,517)
Education	220,924,425	1,628,739	16,604,681	-	(202,691,005)	-	(202,691,005)
Interest on long term debt	19,262,514	-	-	-	(19,262,514)	-	(19,262,514)
Total governmental activities	464,228,109	27,896,677	53,249,499	729,811	(382,352,122)	-	(382,352,122)
Business-type activities:							
Water and sewer	86,797,790	79,959,915	(2,101,265)	17,297,076	-	8,357,936	8,357,936
Solid waste	9,453,996	10,871,901	21,113	-	-	1,439,018	1,439,018
Total business-type activities	96,251,786	90,831,816	(2,080,152)	17,297,076	-	9,796,954	9,796,954
Total primary government	$ 560,479,895	$ 118,728,493	$ 51,169,347	$ 18,026,887	(382,352,122)	9,796,954	(372,555,168)
General revenues:							
Property taxes levied for general purposes					251,629,252	-	251,629,252
Local option sales tax					74,897,618	-	74,897,618
Other taxes and licenses					4,653,156	-	4,653,156
Grants and contributions not restricted to specific programs					220,156	-	220,156
Investment earnings, unrestricted					22,145,721	8,318,846	30,464,567
Gains on sales and disposals of capital assets					-	11,095	11,095
Transfers					(1,650,000)	1,650,000	-
Total general revenues					351,895,903	9,979,941	361,875,844
Change in net position					(30,456,219)	19,776,895	(10,679,324)
Net position - beginning					3,260,856	428,892,056	432,152,912
Net position - ending					$ (27,195,363)	$ 448,668,951	$ 421,473,588

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

Union County, North Carolina **Exhibit C**

Balance Sheet

Governmental Funds

June 30, 2024

	Major			Nonmajor	
	General Fund	General Capital Project Fund	General Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 123,462,138	$ 68,862,806	$ -	$ 3,402,920	$ 195,727,864
Property taxes receivable, net	1,069,180	-	-	64,392	1,133,572
Accounts receivable, net	30,388,770	1,377,254	336,890	994,436	33,097,350
Lease receivable	151,949,581	-	-	-	151,949,581
Accrued interest receivable on leases	1,962,429	-	-	-	1,962,429
Inventories	58,250	-	-	-	58,250
Prepaid Item	11,840	-	-	-	11,840
Advances to other funds	1,159,886	-	-	-	1,159,886
Cash and investments, restricted	4,398,940	129,599,644	24,431,594	2,947,838	161,378,016
Cash and investments, restricted-deposits	582,422	-	-	-	582,422
Total assets	315,043,436	199,839,704	24,768,484	7,409,586	547,061,210
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	6,904,443	11,421,752	153,960	199,396	18,679,551
Due to other governments	-	5,000,000	21,373,719	-	26,373,719
Deposits	582,422	-	-	-	582,422
Advances from other funds	-	-	801,029	358,857	1,159,886
Total liabilities	7,486,865	16,421,752	22,328,708	558,253	46,795,578
DEFERRED INFLOWS OF RESOURCES	155,558,836	-	-	69,660	155,628,496
Total liabilities and deferred inflows of resources	163,045,701	16,421,752	22,328,708	627,913	202,424,074
FUND BALANCES					
Nonspendable	70,090	-	-	-	70,090
Restricted	37,155,303	136,380,467	4,151,305	6,002,718	183,689,793
Committed	71,513,449	-	-	-	71,513,449
Assigned	25,177,750	48,004,583	-	778,955	73,961,288
Unassigned	18,081,143	(967,098)	(1,711,529)	-	15,402,516
Total fund balances	151,997,735	183,417,952	2,439,776	6,781,673	344,637,136
Total liabilities, deferred inflows of resources and fund balances	$ 315,043,436	$ 199,839,704	$ 24,768,484	$ 7,409,586	$ 547,061,210

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

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2024

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

Ending fund balance - governmental funds	$ 344,637,136
Capital assets in governmental activities are not financial resources and, therefore, are not reported in the funds.	168,208,539
Other long-term assets, related to the net pension asset, are not current financial resources and therefore are deferred in the funds.	372,040
Other long-term assets, related to pre-paid taxes, are not current finanicial resources and therefore are deferred in the funds.	471,971
Deferred gains on advance refunding, deferred inflows.	(4,599,090)
Deferred loss on advance refunding, deferred outflows.	12,989,226
Deferred accrued interest on lease receivables are not current financial resources and therefore are deferred in the funds.	1,962,429
Contributions to pension plans in the current fiscal year are deferred outflows of resources.	11,065,865
Internal service funds are used by management to charge the costs of health and dental insurance to individual funds. The current assets and liabilities are included in governmental activities in the statement of net position.	4,739,353
Internal service funds are used by management to charge the costs of workers' compensation to individual funds. The current assets and liabilities are included in governmental activities in the statement of net position.	1,213,326
Internal service funds are used by management to charge the costs of property and casualty insurance to individual funds. The current assets and liabilities are included in governmental activities in the statement of net position.	829,692
Internal balance due from Business-Type Activities to Governmental Activities.	(135,416)
OPEB related deferrals.	15,362,574
Pension related deferrals.	25,004,216
Long-term liabilities that are not due in the current period and therefore are not reported in the funds:	
Compensated absences	(8,049,191)
Net other postemployment benefits	(56,337,584)
Net pension liability for LGERS	(55,746,602)
Net pension liability for separation allowance	(14,201,434)
Leases payable and accrued interest	(1,468,910)
Subscription based agreements payable and accrued interest	(4,388,349)
Arbitrage rebate liability payable	(4,749,930)
Bonds and installment financing payable and accrued interest	(464,375,224)
Net position of governmental activities	$ (27,195,363)

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

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2024

	Major			Nonmajor	
	General Fund	General Capital Project Fund	General Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Ad valorem taxes	$ 237,639,699	$ -	$ -	$ 13,948,660	$ 251,588,359
Local option sales tax	71,136,224	-	-	3,761,394	74,897,618
Other taxes and licenses	4,080,804	-	-	572,352	4,653,156
Intergovernmental	46,854,597	801,391	8,082,252	-	55,738,240
Permits and fees	5,232,309	-	-	159,294	5,391,603
Sales and services	6,710,600	-	42,000	-	6,752,600
Investment earnings	11,015,431	9,162,240	1,476,838	85,463	21,739,972
Miscellaneous	9,146,458	115,730	146,668	4,847,742	14,256,598
Total revenues	391,816,122	10,079,361	9,747,758	23,374,905	435,018,146
EXPENDITURES					
Current:					
General government	38,227,287	-	507,541	29,830	38,764,658
Public safety	69,633,662	-	596,079	26,695,838	96,925,579
Economic and physical development	4,622,577	-	364,611	-	4,987,188
Human services	56,244,575	-	2,199,198	1,476,733	59,920,506
Cultural and recreational	9,409,467	-	120,545	-	9,530,012
Education	126,384,212	-	-	966,508	127,350,720
Capital outlay:					
General government	-	3,746,727	-	-	3,746,727
Public safety	-	5,717,940	-	-	5,717,940
Economic and physical development	-	223,840	-	-	223,840
Cultural and recreational	-	7,054,839	-	-	7,054,839
Education	-	93,986,943	-	-	93,986,943
Debt service:					
Principal bond retirement	33,279,000	-	-	-	33,279,000
Principal - leases	425,984	21,446	-	224	447,654
Principal - subscriptions	1,272,897	-	46,573	-	1,319,470
Interest on long term debt	16,042,102	-	-	-	16,042,102
Interest - leases	5,042	2,554	-	2	7,598
Interest - subscriptions	41,893	-	302	-	42,195
Total expenditures	355,588,698	110,754,289	3,834,849	29,169,135	499,346,971
Excess (deficiency) of revenues over (under) expenditures	36,227,424	(100,674,928)	5,912,909	(5,794,230)	(64,328,825)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	4,480,897	55,536,117	40,000	6,628,377	66,685,391
Transfers to other funds	(61,934,072)	-	(6,401,319)	-	(68,335,391)
Issuance of lease liability	375,674	-	-	-	375,674
Issuance of subscription liability	5,167,248	-	-	-	5,167,248
Total other financing sources (uses)	(51,910,253)	55,536,117	(6,361,319)	6,628,377	3,892,922
Net change in fund balances	(15,682,829)	(45,138,811)	(448,410)	834,147	(60,435,903)
FUND BALANCES					
Beginning	167,680,564	228,556,763	2,888,186	5,947,526	405,073,039
Ending	$ 151,997,735	$ 183,417,952	$ 2,439,776	$ 6,781,673	$ 344,637,136

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

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, 2024

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

Net change in fund balances - total governmental funds	$ (60,435,903)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	9,809,899
Loss on sale of assets	(81,891)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds as follows:	
Deferred property taxes	40,893
The county enters into long term lease arrangements that provides current financial resources to governmental funds, while the lease payments consume the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatments of long-term leases.	40,325
Government funds report accrued interest receivable on lease as a deferred inflow. However, in the Statement of Activities these transaction are eliminated and reflection as an increase in revenue.	(28,931)
Revenues in the statement of activities from internal service funds' investment earnings.	430,846
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, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items 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.	31,984,951
Contributions to the pension plans in the current fiscal year are not included on the statement of activities.	11,065,865
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.	(23,068,169)
Accrued interest payable related to lease agreements	(373)
Accrued interest payable related to subscriptions agreements	(69,623)
The internal service fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings, of health and dental insurance program.	(230,229)
The internal service fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings, of workers' compensation program.	(76,478)
The internal service fund, determined to be governmental fund type, is used by management to charge the costs, net of investment earnings, of property and casualty insurance program.	162,599
Change in net position of governmental activities	$ (30,456,219)

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

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
REVENUES				
Ad valorem taxes	$ 230,586,259	$ 230,586,259	$ 237,639,699	$ 7,053,440
Local option sales tax	81,081,605	81,081,605	71,136,224	(9,945,381)
Other taxes and licenses	4,125,500	4,125,500	4,080,804	(44,696)
Intergovernmental	48,576,063	51,185,931	46,854,597	(4,331,334)
Permits and fees	5,104,724	5,454,724	5,232,309	(222,415)
Sales and services	6,496,386	6,496,386	6,710,600	214,214
Investment earnings	1,213,500	1,213,500	11,015,431	9,801,931
Miscellaneous	7,655,593	7,735,780	9,146,458	1,410,678
Total revenues	384,839,630	387,879,685	391,816,122	3,936,437
EXPENDITURES				
Current:				
General government	41,314,438	43,593,570	38,227,287	5,366,283
Public safety	65,768,794	71,933,255	69,633,662	2,299,593
Economic and physical development	5,144,903	6,537,680	4,622,577	1,915,103
Human services	57,499,044	62,373,985	56,244,575	6,129,410
Cultural and recreational	9,528,450	9,927,501	9,409,467	518,034
Education	126,390,212	126,384,212	126,384,212	-
Intergovernmental:				
Debt service:				
Principal bond retirement	33,279,000	33,279,000	33,279,000	-
Principal - leases	-	430,101	425,984	4,117
Principal - subscriptions	-	1,347,345	1,272,897	74,448
Interest on long term debt	16,042,586	16,042,586	16,042,102	484
Interest - leases	-	5,721	5,042	679
Interest - subscriptions	-	41,893	41,893	-
Total expenditures	354,967,427	371,896,849	355,588,698	16,308,151
Revenues over (under) expenditures	29,872,203	15,982,836	36,227,424	20,244,588
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	6,176,545	4,480,897	(1,695,648)
Transfers to other funds	(51,375,146)	(62,134,073)	(61,934,072)	200,001
Issuance of lease liability	-	377,271	375,674	(1,597)
Issuance of subscription liability	-	5,167,000	5,167,248	248
Total other financing sources (uses)	(51,375,146)	(50,413,257)	(51,910,253)	(1,496,996)
Revenues and other financing sources under expenditures and other financing uses	(21,502,943)	(34,430,421)	(15,682,829)	18,747,592
APPROPRIATED FUND BALANCE	21,502,943	34,430,421	-	(34,430,421)
Revenues, other financing sources, and appropriated fund balance over expenditures and other financing uses	$ -	$ -	(15,682,829)	$ (15,682,829)
FUND BALANCE				
Beginning			167,680,564	
Ending			$ 151,997,735	

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

Statement of Net Position

Proprietary Funds

June 30, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major Water and Sewer Fund	Nonmajor Solid Waste Fund	Total	
ASSETS				
Current assets:				
Cash and investments	$ 155,045,064	$ 13,559,750	$ 168,604,814	$ 10,009,632
Accounts receivable, net	15,881,795	1,219,745	17,101,540	5,769
Inventories	1,822,860	-	1,822,860	-
Cash and investments, restricted	348,339	-	348,339	-
Cash and investments, restricted-deposits	1,669,788	41,250	1,711,038	-
Total current assets	174,767,846	14,820,745	189,588,591	10,015,401
Noncurrent assets:				
Cash and investments	15,319,642	1,290,896	16,610,538	-
Cash and Investments, restricted	4,346,016	-	4,346,016	-
Investment in joint venture	45,713,483	-	45,713,483	-
Capital assets:				
Land and other assets not being depreciated	75,997,873	3,947,377	79,945,250	-
Buildings, equipment, infrastructure, and right to use assets, net	600,624,009	2,871,325	603,495,334	-
Total noncurrent assets	742,001,023	8,109,598	750,110,621	-
Total assets	916,768,869	22,930,343	939,699,212	10,015,401
DEFERRED OUTFLOWS OF RESOURCES	11,306,409	1,272,948	12,579,357	74,780
Total assets and deferred outflows of resources	928,075,278	24,203,291	952,278,569	10,090,181
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	19,340,432	2,179,754	21,520,186	356,808
Accrued interest payable	26,832	1	26,833	-
Current portion of compensated absences	1,129,143	137,578	1,266,721	-
Current portion of long-term obligations	13,905,527	3,144	13,908,671	-
Deposits	1,669,788	41,250	1,711,038	-
Workers' compensation claims payable	-	-	-	462,283
Health care benefits payable	-	-	-	1,954,336
Property and casualty claims payable	-	-	-	459,603
Total current liabilities	36,071,722	2,361,727	38,433,449	3,233,030
Noncurrent liabilities:				
Accrued landfill postclosure care costs	-	5,372,981	5,372,981	-
Net OPEB liability	8,261,767	1,391,096	9,652,863	63,658
Net pension liability, LGERS	8,080,448	982,572	9,063,020	73,761
Net pension liability, separation allowance	909,932	64,995	974,927	-
Noncurrent portion of long-term obligations	437,916,949	-	437,916,949	-
Total noncurrent liabilities	455,169,096	7,811,644	462,980,740	137,419
Total liabilities	491,240,818	10,173,371	501,414,189	3,370,449
DEFERRED INFLOWS OF RESOURCES	2,036,084	294,761	2,330,845	13,356
Total liabilities and deferred inflows of resources	493,276,902	10,468,132	503,745,034	3,383,805
NET POSITION				
Net investment in capital assets	257,666,034	6,815,558	264,481,592	-
Restricted for debt service	377,778	-	377,778	-
Unrestricted	176,754,564	6,919,601	183,674,165	6,706,376
Total net position	$ 434,798,376	$ 13,735,159	448,533,535	$ 6,706,376
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			135,416	
Net position of business-type activities			$ 448,668,951	

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

Union County, North Carolina **Exhibit I**

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds			
	Major	Nonmajor		Governmental Activities - Internal
	Water and Sewer Fund	Solid Waste Fund	Total	Service Funds
OPERATING REVENUES				
Charges for services	$ 77,695,377	$ 10,097,690	$ 87,793,067	$ -
Disposal fees	-	711,526	711,526	-
Interfund charges and employee contributions	-	-	-	30,057,508
Intergovernmental	(2,101,265)	-	(2,101,265)	-
Miscellaneous revenue	15,352	5,339	20,691	7,826
Other operating revenue	1,819,781	58,346	1,878,127	-
Total operating revenues	77,429,245	10,872,901	88,302,146	30,065,334
OPERATING EXPENSES				
Personnel	18,925,364	2,605,007	21,530,371	185,258
Operating expenses	24,236,068	7,264,512	31,500,580	3,936,743
Depreciation and amortization	29,676,643	607,409	30,284,052	-
Landfill closure	-	(1,020,400)	(1,020,400)	-
Worker's compensation claims	-	-	-	363,270
Health benefit claims and premiums	-	-	-	23,732,518
Property and casualty claims and premiums	-	-	-	1,914,716
Total operating expenses	72,838,075	9,456,528	82,294,603	30,132,505
Operating income	4,591,170	1,416,373	6,007,543	(67,171)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	8,106,317	641,934	8,748,251	430,846
Intergovernmental	-	20,113	20,113	-
Sale of capital assets	2,557	8,538	11,095	-
Interest on long-term debt	(12,736,774)	-	(12,736,774)	-
Loss on investment in joint venture	(1,297,343)	-	(1,297,343)	-
Total nonoperating revenue (expenses)	(5,925,243)	670,585	(5,254,658)	430,846
Income (loss) before contributions and transfers	(1,334,073)	2,086,958	752,885	363,675
Transfers from General Fund	400,000	550,000	950,000	-
Transfer from special revenue fund	700,000	-	700,000	-
Capital contributions - cash-other	479,214	-	479,214	-
Capital contributions - system development fees	6,563,539	-	6,563,539	-
Capital contributions - non-cash	10,254,323	-	10,254,323	-
Change in net position	17,063,003	2,636,958	19,699,961	363,675
NET POSITION				
Beginning	417,735,373	11,098,201		6,342,701
Ending	$ 434,798,376	$ 13,735,159		$ 6,706,376
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			76,934	
Change in net position of business-type activities			$ 19,776,895	

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Major Water and Sewer Fund	Nonmajor Solid Waste Fund	Total	Internal Service Funds
OPERATING ACTIVITIES				
Cash received from customers for services	$ 77,548,633	$ 9,865,842	$ 87,414,475	$ 30,066,616
Other operating revenue	(266,132)	775,211	509,079	7,826
Cash paid to employees	(18,316,602)	(2,600,272)	(20,916,874)	(159,603)
Cash paid for goods and services	(30,309,621)	(5,708,834)	(36,018,455)	(29,355,171)
Net cash provided by operating activities	28,656,278	2,331,947	30,988,225	559,668
NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	1,100,000	550,000	1,650,000	-
Net cash provided (used) by noncapital financing activities	1,100,000	550,000	1,650,000	-
CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	2,557	8,538	11,095	-
Proceeds from system development fees	6,563,539	-	6,563,539	-
Proceeds from developer contributions	479,214	-	479,214	-
Proceeds from state grant	-	20,113	20,113	-
Payments on revenue bond debt	(11,405,000)	-	(11,405,000)	-
Interest paid on bonds and other debt	(14,196,634)	-	(14,196,634)	-
Acquisition and construction of capital assets	(32,012,137)	(3,565,261)	(35,577,398)	-
Net cash used by capital and related financing activities	(50,568,461)	(3,536,610)	(54,105,071)	-
INVESTING ACTIVITIES				
Investment earnings	8,106,317	641,934	8,748,251	430,846
Net cash provided by investing activities	8,106,317	641,934	8,748,251	430,846
Net change in cash and investments	(12,705,866)	(12,729)	(12,718,595)	990,514
CASH AND INVESTMENTS				
Beginning of year	189,434,715	14,904,625	204,339,340	9,019,118
End of year	$ 176,728,849	$ 14,891,896	$ 191,620,745	$ 10,009,632
Reconciliation of cash and investments to the Statement of Net Position:				
Cash and investments	$ 155,045,064	$ 13,859,684	$ 168,904,748	$ 10,009,632
Cash and investments, noncurrent	15,319,642	990,962	16,310,604	-
Cash and investments, restricted assets	4,694,355	-	4,694,355	-
Cash and investments, restricted assets-deposits	1,669,788	41,250	1,711,038	-
Total Statement of Net Position cash and cash equivalents	$ 176,728,849	$ 14,891,896	$ 191,620,745	$ 10,009,632
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income	$ 4,591,170	$ 1,416,373	$ 6,007,543	$ (67,171)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	$ 29,255,458	$ 606,494	$ 29,861,952	$ -
Amortization	421,185	915	422,100	-
Provision for uncollectible accounts	691,371	-	691,371	-
Landfill closure and post closure care costs	-	(1,020,399)	(1,020,399)	-
Change in assets, deferred outflows, liabilities and deferred inflows:				
Accounts receivable (net)	(1,044,368)	(244,348)	(1,288,716)	9,108
Accrued interest payable	25,772	-	25,772	-
Inventories	(556,905)	-	(556,905)	-
Deferred outflows of resources - LGERS	(540,679)	(33,342)	(574,021)	17,804
Deferred outflows of resources - OPEB	(2,432,024)	(406,692)	(2,838,716)	(29,938)
Deferred outflows of resources - Sep. Allow.	(29,978)	(2,141)	(32,119)	-
Accounts payable and accrued liabilities	(5,516,648)	1,479,813	(4,036,835)	592,076
Deposits	206,253	12,500	218,753	-
Net pension liability, LGERS	1,551,606	140,282	1,691,888	(19,796)
Net OPEB liability	3,518,600	583,294	4,101,894	63,658
Net pension liability, separation allowance	81,293	5,807	87,100	-
Compensated absences payable	207,503	6,894	214,397	(19,034)
Deferred inflows of resources - LGERS	57,380	6,773	64,153	381
Deferred inflows of resources - OPEB	(1,251,319)	(216,262)	(1,467,581)	12,580
Deferred inflows of resources - Sep. Allow.	(43,218)	(3,087)	(46,305)	-
Lease liability	(18,336)	(927)	(19,263)	-
Subscription liability	(517,838)	-	(517,838)	-
Total adjustments	24,065,108	915,574	24,980,682	626,839
Net cash provided by operating activities	$ 28,656,278	$ 2,331,947	$ 30,988,225	$ 559,668
Noncash investing, capital, and financing activities:				
Loss on investment in joint venture	$ (1,297,343)	$ -	$ (1,297,343)	$ -
Contribution of capital infrastructure	$ 10,254,323	$ -	$ 10,254,323	$ -
Issuance of right-to-use lease asset	$ (11,476)	$ 200	$ (11,276)	$ -
Issuance of right-to-use subscription asset	$ (1,135,873)	$ -	$ (1,135,873)	$ -
Issuance of lease liability	$ 11,476	$ (200)	$ 11,276	$ -
Issuance of subscription liability	$ 1,135,873	$ -	$ 1,135,873	$ -

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

Union County, North Carolina **Exhibit K**

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

	Pension Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	$ -	$ 682,575
Investments:		
State Treasurer's Office OPEB Trust	71,562,727	-
Separation Allowance Trust Fund	6,301,414	-
Total assets	77,864,141	682,575
NET POSITION		
Restricted for:		
State Treasurer's Office OPEB Trust	71,562,727	-
Separation Allowance Trust Fund	6,301,414	-
Individuals, organizations, and other governments	-	682,575
Total net position	$ 77,864,141	$ 682,575

Union County, North Carolina **Exhibit L**

Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Pension Trust Funds
For the Year Ended June 30, 2024

	Pension Trust Funds	Custodial Funds
ADDITIONS		
Ad valorem taxes for other governments	$ -	$ 28,016,660
Collections on behalf of inmates	-	722,971
Employer contributions	10,202,944	-
Investment income		
Net appreciation in fair value of investments	6,160,534	-
Interest	650,852	-
Dividends	5,864	-
Total investment income	6,817,250	-
Investment expense	(8,155)	-
Net investment income	6,809,095	-
Total additions	17,012,039	28,739,631
DEDUCTIONS		
Benefits	5,961,767	-
Due to program participants	-	28,035,748
Payments on behalf of inmates	-	729,513
Total Deductions	5,961,767	28,765,261
Change in net position	11,050,272	(25,630)
NET POSITION		
Beginning	66,813,869	708,205
Ending	$ 77,864,141	$ 682,575

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Union County, North Carolina (the "County") and its component units conform to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10 (hereinafter references to the North Carolina General Statutes will be cited as G.S.). As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The County has determined that it has three blended component units, although legally separate entities, which are, in substance, a part of the County's operations.

Union County Industrial Facilities and Pollution Control Financing Authority

Union County Industrial Facilities and Pollution Control Financing Authority ("Authority") is a component unit of the County and exists to issue and service revenue bond debt of private business for economic development purposes. The Authority is governed by a seven-member board, all of whom are appointed by the County Board of Commissioners ("Board"). The Board can remove any Authority member with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Authority does not issue separate financial statements.

Union County Public Facilities Corporation

Union County Public Facilities Corporation ("Corporation") is a blended component unit of the County and exists to encourage the modernization of public facilities, through the financing, acquisition, construction, operation and lease of real estate, improvements, facilities, and equipment for the use of Union County. The Corporation is governed by a three-member board, all of whom are appointed by the County Board of Commissioners. The Board can remove any Corporation member with or without cause. The Corporation's transactions are reported within the General and Capital Projects Funds. The Corporation does not issue separate financial statements.

Union County Water and Sewer District

Union County Water and Sewer District (the "District") is a municipal corporation created on January 3, 2017, pursuant to the authority set forth in Article 6 of Chapter 162A of the North Carolina General Statutes. Pursuant to generally accepted accounting principles, the District is considered a blended component unit of Union County.

The governing body of the District is the Union County Water and Sewer District Board of Governors ("Board of Governors"). Pursuant to N.C.G.S. § 162A-9, the Board of Governors, as the District's governing body, is the Union County Board of Commissioners. The District is subject to the Local Government and Fiscal Control Act.

The District has operated the County's Water and Sewer system operations under the name Union County Public Works, setting certain rate and fee schedules, and performing other functions as set forth in an interlocal agreement between the District and the County (approved by the Board of County

Commissioners on February 20, 2017, and the District's Board of Governors on April 17, 2017). During the October 17, 2022, Union County Board of Commissioners meeting the Board adopted a resolution to abolish the Union County Water and Sewer District as of July 1, 2023.

B. Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities display information about the primary government net position (Union County). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund activities between the governmental activities and the business-type activities have not been eliminated. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County'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 County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

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

The County reports the following major governmental funds:

General Fund – This is the County's primary operating fund. The General Fund accounts for all financial resources of the general government except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, federal and state grants, and various other taxes and licenses. The primary expenditures are for general government, public safety, human services, education and debt service. The General Fund includes the Debt Service Budgetary Fund and the Economic Development Fund. Portions of the county-wide tax rate are also budgeted to the Debt Service Budgetary Fund to cover principal payments, interest payments and service fees on general obligation bonds approved by voters. The Economic Development fund was created to appropriate funding for economic development debt service requirements and future economic development projects.

General Capital Project Fund – The sources of this fund are primarily transfers from the General Fund and general obligation bonds which are expended for capital asset acquisition, improvement and construction of various governmental projects, and funds for recurring capital contributions for educational purposes and facilities.

General Special Revenue Fund – The sources of this fund are primarily revenues from multi-year special revenues such as federal and state grants or special purpose revenues. The fund also accounts for the transactions related to the American Rescue Plan Funds.

The County reports the following major enterprise fund:

Water and Sewer Fund – This fund accounts for the County's water and sewer operations. The Water and Sewer Capital Project Fund, the Union County Water and Sewer District Fund, and the Union County Water and Sewer District System Development Fees Capital Reserve Fund are consolidated with the Water and Sewer Fund (the operating fund) for financial reporting purposes.

The County reports the following nonmajor enterprise fund:

Solid Waste Fund – The Solid Waste Fund accounts for the County's solid waste operations. The Solid Waste Capital Reserve Fund is a reserve established by the County to accumulate the funds necessary to cover the post closure care costs that will be incurred by the landfill in the future. The Solid Waste Capital Reserve Fund is consolidated with the Solid Waste Fund (the operating fund) for financial reporting purposes.

Additionally, the County reports the following fund types:

Special Revenue Funds - Special Revenue Funds account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains twenty-seven Special Revenue Funds including eighteen Fire District Funds, the Fee Supported Fire Districts Fund, the Emergency Telephone System Fund, the General Special Revenue Fund, the DSS Representative Payee Fund, the Automation Enhancement Fund, the Fines and Forfeitures Fund, the Civil Fees Fund, the Opioid Settlement Fund and the Reappraisal Fund.

Capital Project Funds - Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds are used to account for the County's business-type activities. The County reports the Water and Sewer Fund as a major enterprise fund, and the Solid Waste Fund as non-major enterprise fund. Proprietary funds also include the following fund types:

Internal Service Funds - Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the government, on a cost reimbursement basis. The County has three Internal Service Funds: the Health Benefits Fund (which includes dental benefits), the Workers' Compensation Fund, and the Property and Casualty Fund. The Health Benefits Fund accounts for the accumulation and allocation of costs associated with insurance for employee, retirees (under 65 years of age), and family medical and dental claims. The Workers' Compensation Fund accounts for the costs associated with workers' compensation claims. The Property and Casualty Fund, acting as a self-insurance fund for property and casualty claims, provides for premium payments and losses. County departments contribute funding to the Property and Casualty Fund through an allocation or internal service charge based on the individual department's relative risk of loss and its proportional cost of premiums.

Fiduciary Funds account for the assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Fiduciary Funds include the following funds:

Pension Trust Fund - The County maintains two Pension Trust Funds - the Special Separation Allowance Fund and the Other Postemployment Retiree Healthcare Benefits (OPEB) Fund. Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The Special Separation Allowance Fund is a single-employer, public employee retirement system. The resources in the Special Separation Allowance Fund have been set aside to pay future obligation of the Special Separation Allowance and are held in a trust that is required by GAAP. For reporting purposes, the measurement date for the Special Separation Allowance Trust is December 31st. The resolution to establish the Separation Allowance Trust was approved by the Board of County Commissioners and funded in June 2017 for the fiscal year ending June 30, 2017 (reporting date). The Other Postemployment Retiree Healthcare Benefits Fund accounts for a portion of the County's contributions to the net OPEB obligation for healthcare coverage provided to qualified retirees.

Custodial Funds - These funds are custodial in nature and uses the economic resources measurement focus. Custodial Funds are used to account for assets the County holds on behalf of others. The County maintains three Custodial Funds: the Jail Inmate Fund, which accounts for monies deposited and held for individual inmates in the Union County Jail; the Municipal Tax Collection Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities within the County; and the Gross Rental Receipts Tax Fund, which accounts for municipalities that levy a local tax on gross receipts derived from the short-term lease or rental of vehicles at retail to the general public, which serves as a substitute to the ad valorem tax previously levied on such property.

C. Measurement Focus and Basis of Accounting

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

Government-Wide, Proprietary, Fiduciary Fund and Custodial Financial Statements. The government-wide, proprietary fiduciary and custodial fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, 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, entitlements, 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. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund, Solid Waste Fund and the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Proceeds of general long-term debt and acquisitions under capital leases and IT subscriptions are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes 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.

Those revenues susceptible to accrual are sales taxes and certain intergovernmental revenues, both collected and held by the state at year-end on behalf of the County. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Allens Crossroad Fire District, Bakers Fire District, Beaver Lane Fire District, Fairview Fire District, Griffith Road Fire District, Hemby Bridge Fire District, Jackson Fire District, Lanes Creek Fire District, New Salem Fire District, Providence Fire District, Sandy Ridge Fire District, Springs Fire District, Stack Road Fire District, Stallings Fire District, Unionville Fire District, Waxhaw Fire District, Wesley Chapel Fire District, Wingate Fire District, Fee Supported Fire Districts, Emergency Telephone System, DSS Representative Payee Fund, Automation Enhancement Special Revenue Fund, Fines and Forfeitures Fund, Reapprasial Fund and Civil Fees Fund; Business Type Activity Funds (operating funds), Pension Trust, and Internal Service Funds. All annual appropriations lapse at fiscal year-end. Project ordinances (multi-year budgets) are adopted for the General Special Revenue Fund, Opioid Settlement Special Revenue Fund, General Capital Project Fund, the Solid Waste Capital Project Fund, and the Water and Sewer Capital Projects Fund which is consolidated with the Water and Sewer Fund (enterprise operating fund) for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the function level for the General Fund; at the fund level for Special Revenue and Enterprise Funds; and at the program level for the Capital Projects Fund. The County Manager is authorized by resolution to transfer appropriations between function appropriations, within the same fund, without limitation. The County Manager is also authorized to transfer personnel compensation pay plan adjustments, limited to the amount approved by the Board of County Commissioners in the original budget ordinance for the fiscal year, and insurance appropriations both contained in non-departmental to the benefiting departments without limitation. The County Manager is authorized to appropriate funds identified as restrictions or assignments of fund balance as reflected in the financial statements. The County Manager is also authorized to appropriate funds for grant applications authorized by or grant agreements accepted by the governing body thereby increasing the total appropriation for the fund. The County Manager reports to the governing body all budget ordinance transfers, appropriations and adjustments on a monthly basis. During the year, several budget amendments to the original budget became necessary. Budget data presented in the financial statements represent the final authorized amounts as of June 30, 2024. 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 Inflows and Outflows, and Fund Equity

1. Deposits and Investments

All deposits of the County are made in board-designated official depositories and are secured as required by G.S. 159-31. The County may designate as an official depository any bank or savings association whose principal office is located in North Carolina. Also, the County 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 County 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").

General Statute 159-30.1 allows the County to establish an Other Postemployment Benefit (OPEB) Trust managed by the staff of the Department of the State Treasurer and operated in accordance with State laws and regulations. It is not registered with the SEC and G.S. 159-30(g) allows the County to make contributions to the Trust. The State Treasurer, in their discretion, may invest the proceeds in equities of certain publicly held companies and long or short term fixed income investments as detailed in G.S. 147-69.2(b)(1-6) and (8). Funds submitted are managed in three different sub-funds: the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the Bond Index Fund (BIF) consisting of high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S 147-69.2(b)(8).

At June 30, 2024 Union County's Irrevocable OPEB Trust had 71,562,727 invested in the Ancillary Governmental Participant Investment Program (AGPIP) established by the NC Department of State Treasurer (NCDST), pursuant to G.S. 159-30.1. The AGPIP Program may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the Union County's Irrevocable OPEB Trust was invested as follows: Short Term Investment Fund (STIF) 25 %, which is reported as cash and cash equivalents; Bond Index Fund (BIF) 40% and Equity Index Fund (EIF) 35% (the equities were split with 64.67% in domestic securities and 35.33% in international securities).

At June 30, 2024 Union County's Separation Allowance Trust had 6,301,414 invested in the Ancillary Governmental Participant Investment Program (AGPIP) established by the NC Department of State Treasurer (NCDST), pursuant to G.S. 159-30.1. The AGPIP Program may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the Union County's Separation Allowance Trust was invested as follows: Short Term Investment Fund (STIF) 100%, which is reported as cash and cash equivalents;

The County's investments are carried at fair value as determined by quoted market prices.

The North Carolina Local Government Investment Pool (NCLGIP) and North Carolina Capital Management Trust (NCCMT) is a SEC registered money market mutual fund allowable by G.S. 159-30(c)8. The NCCMT Government Portfolio, which invests in treasuries and governmental agencies, is a money market mutual fund (2a-7) and maintains an AAAm rating from S&P and AAAmf by Moody's Investor Service. The NCCMT Government Portfolio is reported at fair value.

Ownership of the STIF is determined on a fair market valuation basis as of fiscal year-end in accordance with the STIF operation procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs - other than quoted prices - included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at $1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2024 of 1.4 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

Ownership of the BIF is determined monthly at fair value using the same Level 2 inputs as the STIF and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. On June 30, 2024, the BIF, which does not have a credit rating, was valued at $1 per unit and had an average maturity of 8.38 years.

The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. On June 30, 2024, the fair value of the funds was $ 38.06557 per share. Fair value for this Blackrock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

Cash and Investments

The County pools monies from several funds, except the Social Services Fund, Sheriff's Civil Fee Fund and the Jail Inmate Fund to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The County considers demand deposits and investments with a maturity date of ninety days or less at time of purchase to be cash and cash equivalents.

2. Restricted Assets

The unexpended debt proceeds of the General Fund and the Water and Sewer Fund are due to bonds issued by the County which are classified as restricted assets because their use is completely restricted to the purpose for which the bonds were originally issued. Customer deposits held by the County before any services are supplied and those held as account security deposits are restricted to the services for which the deposits were collected. The restricted assets of the General Capital Project Fund are unexpended recurring capital contributions, from the General Fund, for educational purposes and facilities of the Union County Board of Education. The restricted assets of the General Special Revenue Fund and the Opioid Settlement Fund are unexpended funds, which are restricted for the purpose of drug enforcement programs and other multi-year grant programs.

Restricted Cash

Governmental Activities:			
General Fund	2017 general obligation bond construction	$	105,452
General Fund	2019A general obligation bond contruction		6,621,464
General Fund	2019B general obligation bond construction		2,178,267
General Fund	2019C general obligation bond construction		9,116,244
General Fund	2022 general obligation bond construction		11,618,046
General Fund	2023 general obligation bond construction		104,359,006
General Fund	2023 limited obligation bond refunding		105
General Special Revenue Fund	American Rescue Plan Act Funding		24,431,594
Opioid Settlement Fund-Other Governmental Funds	Opioid Settlement Funds		2,947,838
General Fund	Security Deposits		582,422
			161,960,438
Business-Type Activities:			
Water and Sewer Fund	2015 revenue bond debt service reserve		21,687
Water and Sewer Fund	2017 revenue bond debt service reserve		57,822
Water and Sewer Fund	2019A revenue bond construction account		145,606
Water and Sewer Fund	2019A revenue bond debt service reserve		66,448
Water and Sewer Fund	2021 revenue bond debt service reserve		202,382
Water and Sewer Fund	2021 revenue bond construction account		4,200,410
Water and Sewer Fund	Customer deposits		1,669,788
			6,364,143
Solid Waste Fund	Customer deposits		41,250
Total Restricted Cash		$	168,365,831

3. Ad Valorem Taxes Receivable and Deferred Revenues

In accordance with G.S. 105-347 and G.S. 159-13(a), the County levies ad valorem taxes on property, other than motor vehicles, on July 1, the beginning of the fiscal year. These taxes are due on September 1 (lien date); however, interest and penalties do not accrue until the following January 6, when property taxes attach as enforceable liens. The taxes are based on the assessed values as of January 1, 2023.

4. Lease Receivable

The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is recognized on a straight-line basis over the term of the lease. Any variable payments are reported as inflows when received.

5. Allowances for Doubtful Accounts

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

6. Inventories and Prepaid Items

The inventories of the County are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased. The inventory of the County's Enterprise Funds consists of materials and supplies held for consumption. The cost is recorded as an expense when the inventory is consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures as used rather than when purchased.

7. Capital Assets

Purchased or constructed capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation. Capital assets, which include property, plant, intangible assets, right to use leases, right to use subscription based information technology, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $10,000 (amount not rounded) and an estimated useful life in excess of two years. 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. The County has set a capitalization threshold to recognize the right to use lease and subscriptions assets that have a total asset balance of $100,000 or more.

The County holds title to certain Union County Board of Education properties that have not been included in the County's capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Union County Board of Education.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

	Years
Furniture and equipment	5-10
Computer software (intangible)	5-10
Vehicles	4-5
Land Improvements	20-30
Buildings	25-40
Building Improvements	7-30
Plant Distribution, Collection	25
Water rights (intangible)	40

The right to use assets are initially measured at an amount equal to the initial measurement of the related liability plus any payments made prior to the term, less any incentives, and plus ancillary charges necessary to place the underlying asset into service. The right to use assets are amortized on a straight-line basis over the life of the related arrangement.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources,* represents a consumption of net assets that applies to future periods and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources,* represents an acquisition of net assets that applies to future periods and so will not be recognized as revenue until then.

9. Long-term Obligations (Debt)

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. The Water and Sewer Fund’s revenue bond and general obligation bond debt service requirements are being met by water and sewer revenues, but the County’s taxing power is pledged to make the general obligation debt service payments if water and sewer revenues should ever be insufficient.

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

10. Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty (30) days earned vacation leave. The compensatory time policy for overtime hours worked provides for time off in lieu of immediate overtime pay for covered nonexempt employees at the option of the County Manager. Time off may be accrued at the rate of one and one-half hours for each hour of overtime worked. The maximum compensatory time that may be accrued by an eligible employee shall be 480 hours (320 actual overtime hours) for nonexempt law enforcement and detention employees and 240 hours (160 actual overtime hours) for all other nonexempt employees. Once the maximums have been met, overtime compensation will be paid for any additional overtime hours worked.

County employees accrue holiday leave within the 12-month period of November 1st through October 31st. Employees must use their accrued holiday leave within the designated 12-month period. Each year, at the end of the pay period that includes October 31st, all unused holiday leave is forfeited.

Vacation leave, holiday leave and compensatory time are fully vested when earned. For the County's government-wide financial statements and in the proprietary fund types in the fund financial statements, an expense and a liability for these compensated absences and the salary-related payments are recorded within those funds as the leave is earned.

11. Sick Leave

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

12. Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a $26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the State ("State Abatement Fund")
- 80% to abatement funds established by Local Governments ("Local Abatement Funds")
- 5% to a County Incentive Fund.

Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. As of June 30, 2024, funds of $937,195 have been expended. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

13. Reimbursements for Pandemic-related Expenditures

In FY 2021, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The County was allocated $46,589,799 of fiscal recovery funds to be paid in two equal installments. The first installment of $23,294,900 was received in June 2021. The second installment was received in June 2022. County staff and the Board of Commissioners have elected to use $10,000,000 of the ARPA funds for revenue replacement, $17,356,838 for rehiring public sector staff, $5,934,318 for Covid mitigation, $12,200,000 in strategic investments in County services, and $1,098,643 in administration.

14. Net Position / Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represent 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:

Non-spendable 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.

Inventories and Prepaid Balances - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories and prepaid balances, which are not spendable resources.

Restricted Fund Balance - This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or as imposed by law through constitutional provisions or enabling legislation.

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 State Legislature in the 1930's that was 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.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for Grants and Contributions - portion of fund balance that is restricted by revenue source as delineated in the following tables by function and purpose.

Committed Fund Balance - Portion of fund balance that can only be used for specific purposes imposed by majority vote of the County's Board of Commissioners. Any changes or removal of specific purposes requires majority action by the Board of Commissioners. Such formal action may be in the form of an ordinance, and may only be modified or rescinded by a subsequent formal action.

Committed for Reserves - General Fund - As part of the adopted budget ordinance, the Board of County Commissioners established a twenty-percent fund balance reserve requirement. This commitment is reaffirmed annually in the County's adopted budget.

Assigned Fund Balance - portion of fund balance that the County governing board has budgeted.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body can approve these appropriations. Also, a resolution approved June 20, 2005 authorizes the County Manager, or his/her designee, to transfer appropriations between line item expenditures within a departmental appropriation and fund without limitation. The County Manager may also transfer amounts between departmental appropriations within the same fund. The County Manager is authorized to increase appropriations in the annual operating funds for carryovers representing contract balances, purchase order encumbrances and designations for special projects and purposes as reflected in the audit report.

Assigned for General Capital Project Fund - portion of fund balance that has been budgeted by the board for various projects as delineated in the following table by function and purpose.

Unassigned Fund Balance - portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned fund balance amount.

The County's standard practice when an expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the restricted funds should be spent first, followed in order by committed funds, then assigned funds, and finally unassigned funds, if available, unless the Board has provided otherwise in its commitment or assigned actions.

The following table provides the detailed fund balance information for fund balance amounts in Exhibit C:

Fund balances:	Major			Non-major	
	General Fund	General Capital Project Fund	General Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	$ 58,250	$ -	$ -	$ -	$ 58,250
Prepaid items	11,840	-	-	-	11,840
Restricted:					
Stabilization by State Statute	34,926,895	11,737,345	1,773,376	1,101,651	49,539,267
General Government:					
Register of Deeds automation enhancement funds	-	-	-	544,320	544,320
Tax Assessor Reapprasial funds	-	-	-	125,000	125,000
Public Safety:					
Civil Fees agency - pass through	-	-	-	4,652	4,652
Emergency management Catawba Nuclear grant funds	-	-	109,890	-	109,890
Emergency management admin	-	-	10,923	-	10,923
Communications PSAP funds	-	-	-	1,076,471	1,076,471
Fire protection	-	-	-	54,874	54,874
Law enforcement federal forfeited property funds	-	-	796,518	-	796,518
Law enforcement controlled substance tax funds	-	-	179,974	-	179,974
Law enforecement GHSP grant (Indian Trail)	-	-	48,129	-	48,129
Economic and physical development:					
County-wide economic development grants	-	-	136,724	-	136,724
Cooperative extension service fee based programs' funds	153,147	-	-	-	153,147
Human Services:					
American Rescue Plan investment earnings	-	-	1,050,813	-	1,050,813
Child Health	-	-	695	-	695
COVID 19	-	-	44,263	-	44,263
Medicaid cost settlement program funds	1,367,929	-	-	-	1,367,929
Opioid addiction treatment	-	-	-	2,937,847	2,937,847
Proceeds from DOT Grant funded transportation vehicle sale	-	-	-	-	-
Social servies contribution and donation programs' funds	21,355	-	-	-	21,355
Social services federal adoption assistance grant funds	498,261	-	-	-	498,261
Social services agency - pass through	-	-	-	157,903	157,903
Transportation grant funds for purpose of purchasing vehicle	165,097	-	-	-	165,097
Cultural and Recreational:					
Library contribution and donation program funds	22,619	-	-	-	22,619
Education:					
School regular capital outlay	-	515,902	-	-	515,902
School capital acquisition and construction projects	-	124,127,220	-	-	124,127,220
Committed:					
Twenty percent reserve policy - General Fund	71,513,449	-	-	-	71,513,449
Assigned:					
General Government:					
Board of Elections renovations	-	284,918	-	-	284,918
Cloud Migration	-	240,000	-	-	240,000
County facility operating capital	-	590,908	-	-	590,908
County facility repairs	-	1,519,615	-	-	1,519,615
Government Center Building Envelope Repairs	-	889,616	-	-	889,616
Government Center Electrical Infrastructure	-	587,763	-	-	587,763
Government Center Liebert unit replacement	-	18,500	-	-	18,500
Historic courthouse renovations - Phase I	-	91,912	-	-	91,912
Historic courthouse renovations - Phase II	-	1,725,000	-	-	1,725,000
Information technology infrastructure projects	-	227,102	-	-	227,102
Information technology phone system upgrade	-	79,118	-	-	79,118
Judicial center and government center renovations	-	5,263,768	-	-	5,263,768
Judicial Center server room split system	-	66,145	-	-	66,145
Network segmentation	-	200,000	-	-	200,000
Phone system replacement	-	1,000,000	-	-	1,000,000
Physical server refresh	-	200,000	-	-	200,000
Pictometry Ph 3	-	7,555	-	-	7,555
Pictometry Ph 4	-	440,840	-	-	440,840
Public records request system	-	26,617	-	-	26,617
Radio install shop	-	54,264	-	-	54,264
Security system upgrades	-	119,291	-	-	119,291
Storage area network	-	300,000	-	-	300,000
UC Progress Building Ph 2	-	76,177	-	-	76,177
UCPS generator replacement	-	12,811	-	-	12,811
UPS infrastructure upgrades and replacements	-	185,408	-	-	185,408
Public Safety:					
Emergency management equipment	-	5,739	-	-	5,739
Emergency Services Complex	-	437,658	-	-	437,658
Emergency shelter electrical	-	175,000	-	-	175,000
Law enforcement animal shelter UPS system replacement	-	30,000	-	-	30,000
Law enforcement crime lab	-	86,514	-	-	86,514
Law enforcement jail expansion phase I	-	1,969,806	-	-	1,969,806
Law enforcement jail block renovations	-	1,736,950	-	-	1,736,950
Law enforcement jail commercial washer & dryer replacement	-	56,657	-	-	56,657
Law enforcement jail domestic water source	-	65,000	-	-	65,000
Law enforcement jail door controls and locks	-	93,568	-	-	93,568
Law enforcement jail generator replacement	-	45,547	-	-	45,547
Law enforcement jail rooftop HVAC replacement	-	154,834	-	-	154,834
Law enforcement sheriff's office R&R	-	852,032	-	-	852,032
Law enforcement sheriff's office renovation and expansion	-	11	-	-	11
Law enforcement sheriff's operating capital	-	235,089	-	-	235,089
P25 Simulcast TDMA conversion	-	82,756	-	-	82,756
Radio backhaul	-	5,065	-	-	5,065
Radio towers and microwave replacements	-	958,694	-	-	958,694

Radio towers HVAC	-	64,000	-	-	64,000
Short-term fire training needs	-	1,465,500	-	-	1,465,500
Union EMS capital projects	-	1,375,183	-	-	1,375,183
Volunteer Fire Department air packs	-	398,062	-	-	398,062
Economic and physical development:					
Ag Center generator	-	322,700	-	-	322,700
EDC BARN project	-	6,519,065	-	-	6,519,065
EDC Industrial Park	-	78,994	-	-	78,994
Education:					
SPCC 2024 IT Infrastructure	-	500,000	-	-	500,000
SPCC Aseptic Training Center	-	5,357,418	-	-	5,357,418
SPCC Building A Salon Renovation	-	775,000	-	-	775,000
SPCC Braswell Building HVAC	-	123,731	-	-	123,731
SPCC building A	-	15,460	-	-	15,460
SPCC building B	-	1,192,897	-	-	1,192,897
SPCC camera system	-	105,242	-	-	105,242
SPCC campus improvement Ph 1	-	641,273	-	-	641,273
SPCC land purchase	-	1,883,000	-	-	1,883,000
SPCC make up air unit	-	300	-	-	300
SPCC parking	-	345,000	-	-	345,000
SPCC parking lot resurfacing	-	467,100	-	-	467,100
SPCC STEM building	-	648,300	-	-	648,300
SPCC Tyson driving pad	-	1,916,000	-	-	1,916,000
SPCC website redesign	-	50,668	-	-	50,668
Cultural and Recreational:					
Libraries Main Library metal architectural panel replacement	-	75,462	-	-	75,462
Libraries Southwest Union Library	-	387,581	-	-	387,581
Parks and recreation Cane Creek Park campstore	-	639,300	-	-	639,300
Parks and Recreation Cane Creek Park renovation	-	34,238	-	-	34,238
Parks and recreation Event Center JHP	-	815,660	-	-	815,660
Parks and Recreation JHP amenities improvements	-	480,500	-	-	480,500
Nondepartmental pay-go-capital funds	-	128,701	-	-	128,701
Subsequent year's expenditures	25,177,750	-	-	778,955	25,956,705
Unassigned	18,081,143	(967,098)	(1,711,529)	-	15,402,516
Total	$ 151,997,735	$ 183,417,952	$ 2,439,776	$ 6,781,673	$ 344,637,136

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

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts, as these amounts stand at the close of the fiscal year next preceding the budget year.

Union County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that the fund balance policy level is at least equal to or greater than 20% of the adopted General Fund budgets. This policy is adopted annually on the adoption of the Budget Ordinance. Any portion of the General Fund unassigned fund balance above the fund balance policy level of 20% of the combined budgeted expenditures may be appropriated for one-time expenditures or to reduce long-term liabilities.

The County has also adopted fund balance targets for the maintenance of adequate fund balance, which is necessary to provide working capital, funds for unanticipated expenditures, funds for capital expenditures in advance of their reimbursement from debt proceeds and other revenue sources. The Water and Sewer Operating Fund target fund balances are estimated at 365 days cash on hand, as measured by unrestricted cash and investments minus non-GAAP liabilities divided by operating expense. General Fund and Water and Sewer Operating Fund fund balances in excess of target levels will be transferred to capital reserve funds to provide equity resources to fund the County's capital improvement plan or will be used to redeem outstanding debt.

15. Defined Benefit Pension and OPEB Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State: The Local Governmental Employees' Retirement System ("LGERS") and the Registers of Deeds' Supplemental Pension Fund ("RODSPF") collectively the "state-administered defined benefit pension plans". The County also administers a single employer defined benefit plan; the Special Separation Allowance (for Law Enforcement and eligible General class employees) and a single employer defined benefit plan; the Other Postemployment Retiree Healthcare Benefits plan (OPEB). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. Long-term liabilities that are not due and payable in the current period, that do not require current resources to pay and therefore, are not recorded in the funds are a part of this reconciliation. Included in these liabilities are bonds and installment financing principal payments, leases payable, subscription payable and related accrued interest payable.

Description		Amount
Bonds and installment financing principal payments	$	(459,223,087)
Accrued interest payable - bonds		(5,152,137)
Bond and installment financing payable and accrued interest	$	(464,375,224)
Leases payable	$	(1,467,978)
Accrued interest payable - leases		(932)
Leases payable and accrued interest	$	(1,468,910)
Subscription based agreements payable	$	(4,299,293)
Accrued interest payable - subscriptions		(89,056)
Subscription based agreements payable and accrued interest	$	(4,388,349)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund 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 position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of $29,979,684 as follows:

Description	Amount
Capital outlay and right-to-use assets expenditures recorded in the fund statements but capitalized as assets in the statement of activities	$ 21,805,564
Depreciation/amortization expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(11,995,665)
Loss on sale of assets	(81,891)
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, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences are as follows:	
Principal payments on debt	33,279,000
Proceeds of debt instruments	-
Debt issuance premium amortization	3,843,737
Debt issuance deferred inflows of gain amortization	826,560
Debt issuance refunding gain	-
Issuance of lease liability	(375,674)
Issuance of subscription liability	(5,167,248)
Remittance of funds to escrow agent to pay principal to defease debt instruments	
Debt issuance refunding loss	(1,013,397)
Defeasance amortization over remaining life of debt	(1,175,151)
Lease principal expense	447,654
Subscriptions principal expense	1,319,470
The county enters into long-term lease arrangements that provide current financial resources to governmental funds. Neither transaction has any effect on net position. The amount is the net effect of these differences in the treatment of long-term leases.	40,325
Accrued interest payable related to lease and subscription agreements	(69,996)
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	(1,031,864)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(1,014,500)
Arbitrage rebate	(4,723,901)
County's portion of collective pension expense	(17,461,293)
County's other post employment benefit expense	1,163,389
Contribution to the pension plan in the current fiscal year	11,065,865
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred tax revenue recorded at 7/1/22	(1,009,644)
Recording of tax receipts deferred in the fund statements as of 6/30/23	1,098,604
Decrease in accrued taxes receivable for year ended 6/30/23	(48,067)
Accrued interest receivable on leases	(28,931)
Internal service funds' net investment earnings	430,846
Health and dental insurance costs, net of investment earnings	(230,229)
Workers' compensation costs, net of investment earnings	(76,478)
Property and casualty costs, net of investment earnings	162,599
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position-governmental activities	$ 29,979,684

NOTE 3 - DEPOSITS AND INVESTMENTS

The County pools cash resources into a centralized cash account (Central Depository) to facilitate the management of cash and maximize investment income. The Central Depository is used by all funds except the Social Services Fund, Sheriff's Office Civil Fee Fund and the Jail Inmate Fund and the portion of the Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund that has not yet been remitted to the OPEB Trust managed by the staff of the Department of the State Treasurer (as explained in Note 1. E. 1.). Each fund owns a pro rata share of the cash and investments, and the amount applicable to a particular fund is readily identifiable. Allocation of investment income is made to each fund based on its pro rata share.

The Social Services Fund, the Union County Sheriff's Office Civil Fees Fund and the Jail Inmate Fund monies are each held in official depositories of the County in separate accounts for the benefit of certain individuals.

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in the County'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 County, these deposits are considered to be held by the County's agent in the County'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 County or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for under-collateralization, and 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 State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County does not have policies regarding custodial credit risk for deposits.

At June 30, 2024, the County's deposits had a carrying amount of $25,856,897 and a bank balance of $27,812,714. Of the bank balance, $477,265 was covered by federal depository insurance and $27,335,449 in interest bearing deposits were covered by collateral held under the Pooling Method. Also, at June 30, 2024, the County had $11,504 cash on hand.

As of June 30, 2024, the County had the following investments and maturities.

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years
NC Cash Management Trust - Government Portfolio	Fair Value - Level 1	$ 442,064,749	$ 442,064,749	$ -	$ -	$ -
North Carolina Investment Pool	Fair Value - Level 1	31,707,024	31,707,024	-	-	-
US Treasuries	Fair Value - Level 1	11,433,054	-	-	-	11,433,054
US Government Agencies	Fair Value - Level 1	48,928,026	-	11,876,846	30,509,946	6,541,234
Total		$ 534,132,853	$ 473,771,773	$ 11,876,846	$ 30,509,946	$ 17,974,288

All investments are measured using the market value approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level Two debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The cash and investments described above include those recorded in the County's Statement of Net Position ($559,318,679) and Custodial Funds ($682,575).

Also, at June 30, 2024, the Special Separation Allowance Pension Trust Fund deposits had a carrying amount and bank balance of $6,301,414 as shown on the Statement of Fiduciary Net Position.

Also, at June 30, 2024, the Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund deposits had a carrying amount and bank balance of $71,562,727 as shown on the Statement of Fiduciary Net Position.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits investments to maturities of no more than five years. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than five years.

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County has no formal policy on managing credit risk. As of June 30, 2024, the County had no investments in commercial paper. The North Carolina Capital Management Trust (NCCMT) is a SEC registered money market mutual fund that is certified by the Local Government Commission under the provisions of G.S. 159-30(c)8 and the North Carolina Administrative Code. The Government Portfolio is a 2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAm by S&P and AAAmf by Moody's Investor Services and is reported at fair value. The North Carolina Investment Pool (NCIP or Pool) is a commingled local government investment pool established to invest idle funds in various short-term investments in accordance with NC G.S. 159-30(c)(10). The County's investment in the North Carolina Investment Pool carried a AAAm by Standard & Poor's and AAAmmf by Fitch as of June 30, 2024. As of June 30, 2024, the County's investments in US Treasuries and US Agencies (Federal Home Loan Bank, Federal Farm Credit Bank, Fannie Mae and Freddie Mac) are rated AA+ by Standard & Poor's, AA+ by Fitch Ratings, and Aaa by Moody's Investors Service.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no investments with custodial credit risk. The County has no policy on custodial credit risk.

Concentration of Credit Risk – Cash and Investments. The County has adopted a policy stating that of total cash and investments, the County places a limit of 10 percent on the amount that the County may invest in any one issuer of commercial paper, no more exposure than 25 percent in commercial paper, and no limitations on Federal Agencies. At June 30, 2024, the County was not holding more than 10 percent of the total cash and investments portfolio in any one issuer of commercial paper.

Concentration of Credit Risk – Investments. As of June 30, 2024, the County was not holding more than 5% of the County's investments in US Agencies.

At June 30, 2024, the County's Other Postemployment Retiree Healthcare Benefits (OPEB) Pension Trust Fund had $71,562,727 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust Fund pursuant to G.S. 159-30.1. The amount, valued at fair market value, represents a portion of the County's contribution to the net OPEB liability. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the County's OPEB Trust was invested as follows: State Treasurer's Short-Term Investment Fund (STIF) 20.84%: State Treasurer's Bond Index Fund (BIF) 30.88%; State Treasurer's Equity Index Fund (EIF) 48.29%.

Interest Rate Risk: The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates.

Short Term Investment Fund (STIF) investments are measured at fair value by the custodian using Level 2 inputs. The STIF is valued at $1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2024, of 1.4 years.

Bond Index Fund (BIF) does not have a credit rating, was valued at $1 per unit, and had an average maturity of 8.38 years on June 30, 2024.

The Equity Index Fund (EIF) is a common trust fund considered to be commingled in nature. On June 30, 2024, the net asset value was $38.06557 per share. Fair value for this fund is determined using Level 1 inputs.

Credit Risk: The County does not have a formal investment policy regarding credit risk for the OPEB Pension Trust Fund invested in the State Treasurer's Local Government OPEB Trust Fund. The STIF is unrated and authorized under NC General Statute 159-30(c)(8). The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries, agencies, and money market instruments. The BIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer's BIF is invested in high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6).

Valuation technique: North Carolina Department of State Treasurer OPEB Trust investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

NOTE 4 - RECEIVABLES

A. Receivables and Allowances for Doubtful Accounts

Receivables and their associated allowance for doubtful accounts at the government-wide level at June 30, 2024, were as follows:

	Accounts	Taxes and Related Accrued Interest	Total
Governmental Activities:			
General	$ 27,853,279	$ 2,535,491	$ 30,388,770
Capital Projects	1,377,254	-	1,377,254
Major Special Revenue	336,890		336,890
Non-Major Special Revenue	1,029,394		1,029,394
Internal Service	5,769	-	5,769
Total Receivables	30,602,586	2,535,491	33,138,077
Allowance for doubtful accounts	-	(34,958)	(34,958)
Total-governmental activities	$ 30,602,586	$ 2,500,533	$ 33,103,119
Business-type Activities:			
Water and Sewer	$ 14,046,139	$ -	$ 14,046,139
Solid Waste	3,880,743	-	3,880,743
Total Receivables	17,926,882	-	17,926,882
Allowance for doubtful accounts	(825,342)	-	(825,342)
Total-business-type activities	$ 17,101,540	$ -	$ 17,101,540

B. Property Tax - Use-Value Assessment on Certain Lands

In accordance with the general statutes, the County may tax agriculture, horticulture, and forestland at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Fiscal Year	Tax Year	Tax	Interest	Total
2020	2019	$ 7,540,980	$ 433,606	$ 7,974,586
2021	2020	7,490,120	430,682	7,920,802
2022	2021	7,292,237	419,304	7,711,541
2023	2022	7,249,148	416,826	7,665,974
2024	2023	7,105,137	408,545	7,513,682
		$ 36,677,622	$ 2,108,963	$ 38,786,585

C. Lease Receivables

Union County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the County receives predetermined lease payments. These payments are recorded as an inflow of resources in the period the payment is received. These leases include the hospital space that is leased to Atrium Health Union in Monroe and the office space that is being leased to NC Forest Service in Monroe.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is recognized on a straight-line basis over the term of the lease.

Fiscal Year	Lease Payment	Interest Income	Lease Revenue
2025	$ 6,222,610	$ 3,924,858	$ 2,297,752
2026	6,222,610	3,865,507	2,357,103
2027	6,284,836	3,804,623	2,480,213
2028	6,284,836	3,740,559	2,544,277
2029	6,284,836	3,674,840	2,609,996
2030-2034	31,612,727	17,322,537	14,290,190
2035-2039	31,928,853	15,362,414	16,566,439
2040-2044	32,248,141	13,092,562	19,155,579
2045-2049	32,570,623	10,470,428	22,100,195
2050-2054	32,896,329	7,447,666	25,448,663
2055-2059	33,225,292	3,969,352	29,255,940
2060-2062	13,342,960	499,726	12,843,234
Total	$ 239,124,653	$ 87,175,072	$ 151,949,581

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2024 was as follows:

Governmental activities:	Beginning Balances	Additions	Retirements & Adjustments	Transfers	Ending Balances
Capital assets not being depreciated/amortized:					
Land	$ 19,819,646	$ 1,604,977	$ -	$ -	$ 21,424,623
Construction in progress	8,263,031	9,310,973	-	(13,932,688)	3,641,316
Total capital assets not being depreciated	28,082,677	10,915,950	-	(13,932,688)	25,065,939
Capital assets being depreciated/amortized:					
Other improvements	8,979,240	-	-	-	8,979,240
Buildings	166,911,028	363,886	-	13,757,173	181,032,087
Furniture and equipment	41,843,928	1,820,752	131,822	175,515	43,708,373
Vehicles	18,103,298	3,162,054	461,767	-	20,803,585
Computer software	910,583	-	-	-	910,583
Right-to-use lease asset - buildings	875,345	315,721	(3,387)	-	1,194,453
Right-to-use lease asset - equipment	1,175,814	59,953	-	-	1,235,767
Right-to-use subscription asset	3,004,974	5,167,248	2,424,483	-	5,747,739
Total capital assets being depreciated/amortized	241,804,210	10,889,614	3,014,685	13,932,688	263,611,827
Less accumulated depreciation/amortization for:					
Other improvements	5,858,013	287,273	-	-	6,145,286
Buildings	55,193,837	5,254,609	-	-	60,448,446
Furniture and equipment	34,810,897	2,283,072	97,473	-	36,996,496
Vehicles	11,859,115	2,270,835	385,130	-	13,744,820
Computer software	815,786	104,186	-	-	919,972
Lease asset - buildings	358,073	213,321	(1,837)	-	573,231
Lease asset - equipment	173,004	236,256	-	-	409,260
Subscription asset	958,617	1,346,113	1,073,014	-	1,231,716
Total accumulated depreciation/amortization	110,027,342	11,995,665	1,553,780	-	120,469,227
Total capital assets, net	131,776,868	(1,106,051)	1,460,905	13,932,688	143,142,600
Governmental activities capital assets, net	$ 159,859,545	$ 9,809,899	$ 1,460,905	$ -	$ 168,208,539

Transfer of $13,932,688 from construction in progress includes recently completed Southwest Union Library.

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

General government	$ 3,778,166
Public safety	5,322,293
Economic and physical development	269,593
Human services	1,584,443
Education	75,196
Cultural and recreational	965,974
Total depreciation/amortization expense	$ 11,995,665

Capital asset activity for the business-type activities for the year ended June 30, 2024, was as follows:

Business-type activities: **Water and Sewer**	Beginning Balances	Additions	Retirements and Adjustments	Transfers	Ending Balances
Capital assets not being depreciated:					
Land	$ 7,447,944	$ -	$ -	$ -	$ 7,447,944
Land - easements	1,113,633	-	-	-	1,113,633
Construction in progress	375,100,274	31,338,915	142,319	(338,860,574)	67,436,296
Total capital assets not being depreciated	383,661,851	31,338,915	142,319	(338,860,574)	75,997,873
Capital assets being depreciated/amortized:					
Plant and collection systems	310,406,517	6,108,571	-	43,253,415	359,768,503
Plant and distribution systems	207,858,932	4,145,752	-	294,038,854	506,043,538
Water rights (intangible asset)	1,902,757	-	-	-	1,902,757
Administration Building	10,833,210	15,271	-	1,568,305	12,416,786
Equipment	5,838,067	133,074	8,629	-	5,962,512
Vehicles	6,261,894	667,196	144,139	-	6,784,951
Computer Software	107,907	-	-	-	107,907
Right-to-use lease asset - equipment	81,947	11,476	-	-	93,423
Right-to-use subscription asset	157,370	1,135,873	157,370	-	1,135,873
Total capital assets being depreciated/amortized	543,448,601	12,217,213	310,138	338,860,574	894,216,250
Less accumulated depreciation/amortization for:					
Plant and collection systems	160,486,743	15,083,270	-	-	175,570,013
Plant and distribution systems	91,647,700	12,795,232	-	-	104,442,932
Water rights intangible asset	1,486,530	47,569	-	-	1,534,099
Administration Building	2,433,081	293,475	-	-	2,726,556
Equipment	3,756,399	433,719	8,629	-	4,181,489
Vehicles	4,133,817	602,193	144,139	-	4,591,871
Computer Software	190,223	-	-	-	190,223
Right-to-use lease asset - equipment	12,056	18,088	-	-	30,144
Right-to-use subscription asset	79,187	403,097	157,370	-	324,914
Total accumulated depreciation/amortization	264,225,736	29,676,643	310,138	-	293,592,241
Total capital assets, net	279,222,865	(17,459,430)	-	338,860,574	600,624,009
Water and Sewer capital assets, net	662,884,716	13,879,485	142,319	-	676,621,882
Solid Waste					
Capital assets not being depreciated:					
Land	334,257	-	-	-	334,257
Construction in progress	226,128	3,386,992	-	-	3,613,120
Total capital assets no being depreciated	560,385	3,386,992	-	-	3,947,377
Capital assets being depreciated/amortized:					
Other improvements	1,243,334	-	-	-	1,243,334
Plant and collection systems	2,368,199	-	-	-	2,368,199
Equipment	4,643,650	-	-	-	4,643,650
Vehicles	902,779	178,269	23,332	-	1,057,716
Right-to-use lease asset - equipment	4,925	-	200	-	4,725
Total capital assets being depreciated/amortized	9,162,887	178,269	23,532	-	9,317,624
Less accumulated depreciation/amortization for:					
Other improvements	686,035	54,584	-	-	740,619
Plant and collection systems	2,032,380	21,828	-	-	2,054,208
Equipment	2,536,747	445,530	-	-	2,982,277
Vehicles	606,335	84,552	23,332	-	667,555
Right-to-use lease asset - equipment	725	915	-	-	1,640
Total accumulated depreciation/amortization	5,862,222	607,409	23,332	-	6,446,299
Total capital assets, net	3,300,665	(429,140)	200	-	2,871,325
Solid Waste capital assets, net	3,861,050	2,957,852	200	-	6,818,702
Business-type activities capital assets, net	$ 666,745,766	$ 16,837,337	$ 142,519	$ -	$ 683,440,584

NOTE 6 - LIABILITIES

Payables at the government-wide level at June 30, 2024 including liabilities payable from restricted assets, were as follows:

Payables:	Governmental Activities	Business Type Activities	Total
Vendors	$ 17,339,574	$ 19,352,887	$ 36,692,461
Salaries and benefits	1,786,773	1,103,109	2,889,882
Accrued Interest	9,902,067	1,091,023	10,993,090
Total	$ 29,028,414	$ 21,547,019	$ 50,575,433

NOTE 7 - PENSION PLAN OBLIGATIONS

A. Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in 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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). 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 (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2024, was 14.04% of compensation for law enforcement officers and 12.89% for general employees and firefighters, 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 the County were $11,617,665 for the year ended June 30, 2024.

Refunds of Contributions. County 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, 2024, the County reported a liability of $64,809,622 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County'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 the measurement date of June 30, 2023, the County's proportion was 0.979%, which was a decrease of 0.003% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the County recognized a pension expense of $19,028,902. At June 30, 2024, the County 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	$ 7,221,711	$ 155,471
Changes of assumptions	2,754,035	-
Net difference between projected and actual earnings on pension plan investments	17,345,892	-
Changes in proportion and differences between County contributions and proportionate share of contributions	461,166	525,960
County contributions subsequent to the measurement date	11,617,665	-
Total	$ 39,400,469	$ 681,431

$11,617,665 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2025	$	9,995,137
2026		4,912,225
2027		11,460,536
2028		733,475
Total	$	27,101,373

Actuarial Assumptions. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer), and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2022 were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0 %	0.9 %
Global Equity	38.0 %	6.5 %
Real Estate	8.0 %	5.9 %
Alternatives	8.0 %	8.2 %
Credit	7.0 %	5.0 %
Inflation Protection	6.0 %	2.7 %
Total	100.0 %	

The information above is based on 30-year expectations developed with the consulting actuary for the 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 2.50%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. 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 County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 6.50%, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	$ 112,280,123	$ 64,809,622	$ 25,727,457

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

B. Special Separation Allowance

Description

The County administers a public employee retirement system (the "Separation Allowance"), a single employer defined benefit pension plan that provides retirement benefits to the County's qualified employees. The Separation Allowance was enacted by the General Assembly on January 1, 1987 for law enforcement officers. The Union County Board of Commissioners extended this benefit to all County employees effective July 1, 1990. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the employee for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is reported in the County's report as a pension trust fund. The Separation Allowance does not issue separate financial statements. The net position and change of net position for the Separation Allowance Trust as of June 30, 2024 is as follows:

	Statement of Fiduciary Net Position	
ASSETS		
Investments:		
Seperation Allowance Trust Fund	$	6,301,414
Total Assets		6,301,414
Net Position		
Seperation Allowance Trust Fund	$	6,301,414
Total Net Position		6,301,414

	Changes in Net Position	
ADDITIONS		
Employer Contributions	$	2,761,020
Net investment income		63,760
Total Additions		2,824,780
DEDUCTIONS		
Benefits	$	1,639,110
Total Deductions		1,639,110
Change in net position		1,185,670
NET POSITION		
Beginning		5,115,744
Ending	$	6,301,414

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. General Statute 159.30.2 authorizes a local government to establish and fund an irrevocable trust for the purpose of paying special separation allowance benefits for which the unit of local government is liable. The County established an irrevocable trust for the Separation Allowance plan on June 6, 2016.

The eligibility of local law enforcement officers for special separation allowance shall be determined in accordance with North Carolina General Statute 143-166.42. All permanent full-time and permanent part-time County employees employed before July 1, 2013 are covered by the Separation Allowance. To qualify for the allowance the employee must have completed 30 years or more of creditable service or have attained 55 years of age and completed five or more years of creditable service; and not have attained 62 years of age; and have completed at least five years of continuous service preceding a service retirement.

At the December 31, 2022 valuation date, the Separation Allowance's membership consisted of:

	2022
Retirees receiving benefits	82
Active plan members	385
Total	467

Summary of Significant Accounting Policies

Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed $2,757,781 or 10.17% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

Actuarial Assumptions

The total pension liability for the fiscal year ended June 30, 2024 was determined as part of the December 31, 2023 actuarial valuation, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.25-7.75% for Law Enforcement Officers 3.25-8.25% for General Employees
Investment rate of return	4.00%, net of pension plan investment expense, including inflation
Mortality	The rates of mortality for the period after service retirement are according to the Pub-2010 amount-weighted tables, projected from 2010 using generational improvement with Scale MP- 2019. For Law Enforcement Officers, mortality rates are based on the Safety Mortality Table for retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year. For General Employees, mortality rates are based on the General Mortality Table for Retirees. Rates for male members are first Set Forward 2 years, then are multiplied by 96% for ages under 81, and increase until reaching 100% at age 85 and above. Rates for female members are 100% for ages under 92 and increase until reaching 110% at age 95 and above. Because the retiree tables have no rates prior to age 50, the General Mortality Table for Employees is used for ages less than 50.

Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2023 (measurement date) was 4.00%. Since the Separation Allowance assets are not invested, the discount rate used is equal to the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating AA/Aa or higher. The index used for this purpose is the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2023.

The projection of cash flows used to determine the discount rate assumed that the employer would contribute the actuarially determined contribution in the future. The long-term expected rate of return on pension plan investments is assumed to be 4.00% annually.

Net Pension Liability

The components of the net pension liability of the County as of June 30, 2024 are as follows:

Total pension liability	$ 20,295,344
Plan fiduciary assets	5,118,983
Net pension liability	$ 15,176,361
Plan fiduciary assets as a percentage of total pension liability	25.22%

At June 30, 2024, the County reported a net pension liability of $15,176,361. The net pension liability was measured as of December 31, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of December 31, 2023.

For the fiscal year ended June 30, 2024, the County recognized pension expense in the amount of $2,613,455 As of the December 31, 2023 measurement date, the County 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	$ 2,181,633	$ -
Changes of assumptions and other inputs	1,399,005	2,224,055
Net difference between projected and actual earnings on plan investments	288,911	-
Employer contributions subsequent to the measurement date	1,118,671	-
Total	$ 4,988,220	$ 2,224,055

$1,118,671 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an decrease of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outlflows of Resources	Deferred Inflows of Resources	Amount recognized in Pension Expense as an increase or (decrease) to Pension
2025	$ 1,922,642	$ 733,572	$ 1,189,070
2026	902,592	733,572	169,020
2027	615,268	650,538	(35,270)
2028	412,061	106,373	305,688
2029	16,986	-	16,986
Total	$ 3,869,549	$ 2,224,055	$ 1,645,494

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 3.00%	Current Discount Rate 4.00%	1% Increase 5.00%
Net pension liability	$ 16,799,620	$ 15,176,361	$ 13,694,486

Changes in the Net Pension Liability

		Total Pension Liability		Plan Net Position		Net Pension Liability
Balance as of December 31, 2022	$	18,734,002	$	4,765,519	$	13,968,483
Changes for the year:						
Service Cost		561,736		-		561,736
Interest		775,301		-		775,301
Difference between expected and actual experience		1,266,990		-		1,266,990
Changes of assumptions or other inputs		448,481		-		448,481
Contributions - employer		-		1,844,630		(1,844,630)
Net investment income		-		-		-
Benefits paid		(1,491,166)		(1,491,166)		-
Net changes		1,561,342		353,464		1,207,878
Balance as of December 31, 2023	$	20,295,344	$	5,118,983	$	15,176,361

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 4.31% at the December 31, 2022 measurement date to 4.00% at the December 31, 2023 measurement date.

C. Supplemental Retirement Income Plan

Description

All regular full-time and regular part-time Union County employees participate in the Supplemental Retirement Income Plan 401(k), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The plan provides retirement benefits to law enforcement officers employed by the County, and the Union County Board of County Commissioners has agreed to extend this benefit to all non-law enforcement employees. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan is included in the ACFR for the State of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% of each officer's salary and the Union County Board of County Commissioners has agreed to contribute an equal amount for all regular full-time and regular part-time non-law enforcement employee salaries. All amounts contributed are vested immediately. County employees may also make voluntary contributions to the plan. Contributions for the year ended June 30, 2024 totaled $6,809,134, consisting of $2,447,015 in employee contributions and $4,362,119 in employer contributions.

D. Register of Deeds' Supplemental Pension Fund

Plan Description. Union County is a participating employer in the Registers of Deeds' Supplemental Pension Fund (RODSPF), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. Union County also contributes to the RODSPF, a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local

Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 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 Registers of Deeds' Supplemental Pension Fund is included in the ACFR for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. 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. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were $26,014 for the year ended June 30, 2024.

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

At June 30, 2024, the County reported an asset of $372,040 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At the June 30, 2023 measurement date, the County's proportion was 3.096%, which was a increase of 0.238% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the County recognized pension expense of $62,386. At June 30, 2024, the County 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	$ -	$ 16,470
Net difference between projected and actual earnings on pension plan investments	188,977	-
Changes in proportion and differences between County contributions and proportionate share of contributions	10,995	30,572
County contributions subsequent to the measurement date	26,014	-
Total	$ 225,986	$ 47,042

$26,014 reported as deferred outflows of resources related to pensions resulting from County contributions after the measurement date will be recognized as an increase of the net pension asset in the year ended

June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2024	$	39,084
2025		47,067
2026		54,860
2027		11,919
Total	$	152,930

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	12/31/2022
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar Closed
Amortization Period	21 Year Closed Periods
Asset Valuation Method	Asset returns in excess of or less than the expected return on market value of assets reflected over a five year period (not greater than 120% or market value and not less than 80% of market value)
Actuarial Assumptions	
Investment Rate of Return	3.00%
Projected Salary Increases	3.25%-8.25%
Includes Inflation of	2.50%
Includes Inflation of and productivity of	3.25%
Cost of Living Adjustments	N/A

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

Assumptions are based on the experience investigation prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021 for use beginning with the December 31, 2020 annual actuarial valuation.

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. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class.

Discount rate. The discount rate used to measure the total pension liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. 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 County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.00 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proporionate share of the net pension liability (asset)	$ (253,961)	$ (372,040)	$ (471,606)

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

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

The net pension liability for LGERS and ROD was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as December 31, 2021 The total pension liability for Special Separation Allowance was measured as of December 31, 2023, with an actuarial valuation date of December 31, 2022.

The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	ROD	SEPA	Total
Proportionate Share of Net Pension Liability (Asset)	$ 64,809,622	$ (372,040)	N/A	$ 64,437,582
Proportion of the Net Pension Liability (Asset)	0.979 %	(3.096) %	N/A	-
Net Pension Liability	-	-	15,176,361	15,176,361
Pension Expense	$ 19,028,902	$ 62,386	$ 2,613,455	21,704,743

At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	ROD	SEPA	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	$ 7,221,711	$ -	$ 2,181,633	$ 9,403,344
Change of assumptions	2,754,035	-	1,399,005	4,153,040
Net difference between projected and actual earnings on pension plan investments	17,345,892	188,977	288,911	17,823,780
Changes in proportion and differences between County contributions and proportionate share of contributions	461,166	10,995	-	472,161
County contributions subsequent to the measurement date	11,617,665	26,014	1,118,671	12,762,350
Deferred Inflows of Resources				
Differences between expected and actual experience	$ 155,471	$ 16,470	$ -	171,941
Changes of assumptions	525,960	-	2,224,055	2,750,015
Changes in proportion and differences between County contributions and proportionate share of contributions	-	30,572	-	30,572

NOTE 8 - DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation distribution is not available to employees until termination, retirement, death, or unforeseeable emergency.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS

A. Other Postemployment Retiree Healthcare Benefits (OPEB)

Plan Description - Eligibility. Under the terms of a County resolution, the County administers a single-employer defined benefit Retiree Healthcare Benefits Plan (the RHCB Plan). As of July 1, 2008, this plan provides postemployment healthcare benefits to retirees of the County who (1) retire from service under the provisions of the North Carolina Local Governmental Employees' Retirement System or the North Carolina Law Enforcement Officer's Benefit and Retirement Fund (together the "Systems") and (2) immediately prior to such retirement earns ten (10) consecutive years of credible, continuous service with the County. Employees hired on or after July 1, 2008 require twenty (20) years of credible, continuous service with the County and must retire from service under the Systems to receive the postemployment healthcare benefit. Employees hired on or after July 1, 2013, are not eligible to participate in the Retiree Healthcare Benefits Plan. The plan, which has a June 30, 2024 year-end does not issue a stand-alone report. The net position and change in net position schedules are listed below for the OPEB trust as of June 30, 2024.

	Statement of Fiduciary Net Position
ASSETS	
Investments:	
State Treasurer's Office OPEB Trust	$ 71,562,727
Total assets	71,562,727
NET POSITION	
State Treasurer's Office OPEB Trust	71,562,727
Total net position	$ 71,562,727

	Changes in Net Position
ADDITIONS	
Employer contributions	$ 7,441,924
Net investment income	6,745,335
Total additions	14,187,259
DEDUCTIONS	
Benefits	4,322,657
Total deductions	4,322,657
Change in net position	9,864,602
NET POSITION	
Beginning	61,698,125
Ending	$ 71,562,727

Benefits Provided. Eligible retirees younger than age 65 and their eligible dependents receive the same medical benefits (including prescription drug and vision benefits) as active, full-time employees through the County group health and dental plan. Retirees pay the same monthly premium(s) for coverage as active employees.

Coverage for eligible retirees and covered spouses in the County group health and dental plan ends on the day the retiree attains age 65. In addition, all coverage (except COBRA) in the group health and dental plan ends for eligible dependents upon the death of an eligible retiree who had not attained age 65.

Upon attaining age 65, eligible retirees are enrolled by the County in a Supplement to Medicare plan that is combined with a prescription Part D plan. These plans are sponsored and premium is paid by the County. Retiree participants do not contribute towards the premium cost of these plans. Spouses of post-65 retirees are not eligible for coverage in either supplemental plan. All employees hired on or after July 1, 2013, are not eligible to receive Supplement to Medicare Benefit.

Plan membership. At June 30, 2022 the HCB Plan membership consisted of the following:

	2022
Inactive plan members or beneficiaries currently receiving benefit payments	437
Active plan members	345
Total	782

Contributions. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended, subject to certain limitations, by the County Board of County Commissioners. The County has chosen to fund the healthcare benefits on a pay as you go basis. Active employees do not contribute to the plan. The County determines the annual contribution to the trust based on the actuarial determined contribution suggested by the prior year actuarial report. Once approved by the Board of County Commissioners, the County makes cash contributions to the trust throughout the year.

Investment Policy. The County makes cash contributions to the Trust throughout the fiscal year. The Trustee is responsible for maintaining records and accounts for the assets of the Trust. The County invests the assets of the Trust pursuant to the North Carolina General Statute 159-30 or deposited with the State Treasurer for investment pursuant to General Statute 147-69.2.

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

As of the most recent adoption of the current long-term rate of return by the Plan, the target asset allocation for each major asset class, as provided by the Plan, are summarized in the following table:

Asset Class	Target Allocation
Equity Index Fund	35.00%
Bond Index Fund	40.00%
Short Term Investment Fund	25.00%
Total	100.00%

Rate of return. For the year ended June 30, 2024, the annual money weighted rate of return on investments, net of investment expense, was 10.72 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Net OPEB Liability. The Net OPEB Liability is equal to the Total OPEB Liability less the Fiduciary Net Position. The result as the June 30, 2024 measurement date is presented in the table below:

Measurement Date of June 30, 2024		
Total OPEB Liability	$	137,553,174
Fiduciary Net Position		71,562,727
Net OPEB Liability	$	65,990,447
Ratio of Fiduciary Net Position to Total OPEB Liability		52.03%

Actuarial Assumptions. The Total OPEB Liability was determined by an actuarial valuation as of June 30, 2022, using the following key actuarial assumptions and other inputs:

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases, including wage inflation	
General Employees	3.25% - 8.41%
Fire fighters	3.25% - 8.15%
Law Enforcement Officers	3.25% - 7.90%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	2.85%
Municipal Bond Index Rate	
Prior Measurement Date	3.65%
Measurement Date	3.93%
Year Fiduciary Net Position to be depleted	
Prior Measurement Date	N/A
Measurement Date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	5.14%
Measurement Date	2.85%
Health Care Cost Trends	
Pre-Medicare	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Medicare	5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025
Dental	3.50%

The discount rate used to measure the TOL was based upon the long-term expected rate of return. Mortality rates were based on the PUB-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board. The remaining actuarial assumptions (e.g., health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2022 valuation.

Discount Rate. The discount rate used to measure the TOL as of the measurement date was 2.85%. The projection's basis was an actuarial valuation performed as of June 30, 2022. In addition to the actuarial methods and assumptions of the June 30, 2022 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present of the valuation date. In subsequent projection years, total payroll was assumed to increase annually using the payroll growth assumptions.
- Active employees do not explicitly contribute to the Plan.
- Projected assets include employer contributions each year of an amount equal to the average of the last five years employer contribution. The contribution consists of deposits to the trust and direct payments to plan members as benefits come due. The employer is assumed to have the ability and willingness to make benefit payments from its own resources for all periods in the projection
- Projected assets do not include employer contributions that fund the estimated service costs of future employees.
- Cash flows occur mid-year.

Based on these assumptions, the Plan's fiduciary net position was projected to not be depleted.

The FNP projections are based upon the Plan's financial status on the Valuation Date, the indicated set of methods and assumptions. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following exhibit presents the Net OPEB Liability (NOL) of the Plan, calculated using the discount rate of 2.85%, as well as what the Plan's NOL would be if it were calculated using a Discount Rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Changes in the Discount Rate		
	1% Decrease 1.85%	Current Discount Rate 2.85%	1% Increase 3.85%
Net OPEB Liability	$ 88,629,267	$ 65,990,447	$ 48,009,271

Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Trends. The following exhibit presents the Net OPEB Liability (NOL) of the Plan, calculated using the health care cost trend rates, as well as what the Plan's NOL would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	Health Care Cost Trend Rates		
	1% Decrease	Current	1% Increase
Net OPEB Liability	$ 44,648,069	$ 65,990,447	$ 93,186,661

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB. At June 30, 2024, the County reported a net OPEB liability of $65,990,547. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2024, the components of the net OPEB liability of the County, measured as of June 30, 2024, were as follows:

	Total OPEB Liability	Increase/(Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2023	$ 99,588,248	$ 61,698,125	$ 37,890,123
Changes for the year:			
Services Cost at the end of the year	1,538,214	-	1,538,214
Interest on TOL and Cash Flows	5,009,136	-	5,009,136
Difference between expected and actual experience	(404,575)	-	(404,575)
Changes of assumptions or other inputs	36,144,808	-	36,144,808
Contributions - employer	-	7,441,924	(7,441,924)
Net investment income	-	6,745,335	(6,745,335)
Benefit payments	(4,322,657)	(4,322,657)	-
Net changes	37,964,926	9,864,602	28,100,324
Balance as of June 30, 2024	$ 137,553,174	$ 71,562,727	$ 65,990,447

For the year ended June 30, 2024, the County recognized OPEB expense of $6,120,431. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 330,307	$ 1,447,728
Changes of assumptions or other inputs	30,705,316	10,150,900
Net difference between projected and actual earnings on plan investments	-	1,442,201
Total	$ 31,035,623	$ 13,040,829

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB Expense as follows:

Measurement Period Ended June 30:	
2025	$ 6,120,927
2026	9,319,059
2027	3,253,786
2028	(698,978)
Total	$ 17,994,794

B. Other Employment Benefits - Death Benefits

Under the terms of the Board of Commissioner's resolution, the County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of $25,000 and will not exceed $50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.05% and 0.14% of covered payroll, respectively. For the fiscal year ended June 30, 2024, the County contributed $34,802 for employees not engaged in law enforcement and $24,788 for employees for law enforcement officers for a total of $59,590.

NOTE 10 - CLOSURE AND POST CLOSURE CARE COSTS - LANDFILL FACILITY

State and federal laws and regulations required the County to place a final cover on its landfill facility when it stopped accepting municipal solid waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure of the municipal solid waste collection cell. The County has continued to collect construction and demolition waste in different cells which are opened based on demand and closed when each cell reaches its capacity. Closure and post closure care costs have been accumulated up to the dates of closure for each of the cells; therefore, the County has reported these closure and post closure care costs as an operating expense in each prior period based on landfill capacity used as of each balance sheet date. The County stopped accepting municipal solid waste into its Austin-Chaney Road facility, permit number 90-01, on December 31, 1997. The site still serves as a transfer station for the collection of local municipal solid waste, which is transported to other sites outside of the County. The $5,372,981 reported as landfill closure and post closure care liability at June 30, 2024 represents a cumulative liability based on the estimated post closure maintenance and monitoring costs associated with the construction and demolition cells and closure costs associated with 37.5% of the closed construction and demolition cells. At June 30, 2024, there was a decrease of $1,020,400 from the prior year. The liability represents the estimated present value of the amount needed to fund the post closure care costs that will be incurred during the 30-year period after closure. Actual post closure costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met and continues to meet the requirements of a local government financial test that is one option under state and federal laws and regulations that helps determine if a unit is financially able to meet closure and post closure care requirements. The County elected to establish a reserve fund several years ago to accumulate resources for the payment of closure and post closure care costs. The actual landfill closure and post closure costs have been less than engineering estimates due to use of County personnel for closure activities and proper planning for closure. The Solid Waste Capital Reserve Fund has remaining funds being held in investments with a fair value of $6,537,047. The County expects that future inflation costs will be paid from the interest earnings on these remaining funds. However, if interest earnings are inadequate or additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future transfer station users or by future tax revenues.

NOTE 11 - COMMITMENTS

A. Contractual Commitments

The County had several outstanding projects as of June 30, 2024. At year-end, the significant contractual commitments include the following:

Project		Spent to Date		Remaining Commitment
Special Revenue Fund:				
Broadband			$	1,000,000
General Capital Projects Fund:				
Jail Door Controls and Locks		90,845		2,864,711
Water Capital Projects:				
Interlocal Water Agreement		94,869		1,405,131
SCADA Master Plan		1,962,516		4,785,302
Yadkin River Water Supply		274,452,180		31,794,817
Advanced Metering Infrastructure		10,535,041		3,539,977
Shortline Water Extension Fiscal Year 2020		14,168,754		5,895,374
Sewer Capital Projects:				
SCADA Master Plan Update - Sewer		1,962,516		4,785,302
Crooked Creek Interceptor Improvements Phase 2		1,804,437		17,536,229
Potter-Pleasant Plains Wastewater Interceptor		-		2,263,280
Total	$	305,071,158	$	75,870,123

The General capital projects are commitments of the General Capital Projects Fund and are funded by a combination of certificates of participation, installment financing, general obligation bonds, grants, and General Fund monies. The Water and Sewer Capital Projects are commitments of the County's Water and Sewer Capital Projects Fund and are funded by a combination of revenue bonds and other enterprise fund monies.

B. Other Commitments

The County has an economic development and incentive grants program that is offered to companies meeting certain agreed upon criteria. Amounts to be paid in the future under these agreements are not readily determinable; however, management estimates an amount of up to $7,999,500 and expects the payments to be made over the next five years.

NOTE 12 - RISK MANAGEMENT

The County is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance for these risks of loss, except for injuries to employees. The County self-insures workers' compensation, medical, and dental claims and purchases stop-loss insurance for workers' compensation and medical claims that exceed certain amounts.

There has been no significant reduction in insurance coverage from the previous year and settled claims subject to insurance coverage have not exceeded insurance policy limits in the last three years.

The County has established three Internal Service Funds to account for self-insured risk financing. Funding of the Health Benefit Fund is based upon an analysis of historical and projected medical and dental claims paid by the third-party administrator and the availability of contributions from the County, the County's employees, and unrestricted net position to fund projected claims. Funding of the Workers' Compensation Fund is based upon payroll rates established by the State of North Carolina and the availability of unrestricted net position to fund projected claims. Funding of the Property and Casualty Fund is allocated based on a percentage of the department's budget.

The County's medical and Rx benefits are partially self-insured. Individual member claims are self-insured up to $300,000 annually. Specific Stop-Loss Insurance is purchased to cover individual member claims in excess of the self-insured retention. In addition, Aggregate Stop-Loss Insurance is purchased to cover the combined eligible claims expense of all members in excess of 125% of expected eligible claims incurred and paid during the coverage period. Claims paid through an individual member HRA (Health Reimbursement Account) are excluded from specific and aggregate stop-loss coverage. Claims are administered under contract with a third-party administrator. Claim reserves are established at the end of the plan year (currently June 30) based on a combination of insurance industry standards, the County and third-party administrator's analysis of claims submission, processing, and payment.

The County's workers' compensation is self-insured; stop-loss insurance provides statutory worker compensation benefits above the County's self-insurance limit of $575,000 per occurrence for police/fire employees and $400,000 per occurrence for all other employees. A "buffer" layer of insurance provides coverage of $175,000 over the $575,000 limit for police/fire employees and $200,000 over the $400,000 for all other employees. An excess workers' compensation carrier provides coverage in excess over $750,000 for police/fire employees and $600,000 for all other employees. Claims are administered under contract with a third-party administrator. Claim reserves are established when an injury occurs, and the ultimate expected exposure of each claim can be reasonably estimated by the third-party claims administrator.

Unpaid liabilities at year end are as follows:

	Health Benefit Fund		Worker's Compensation Fund		Property and Casualty Fund	
	Year Ended June 30, 2024	Year Ended June 30, 2023	Year Ended June 30, 2024	Year Ended June 30, 2023	Year Ended June 30, 2024	Year Ended June 30, 2023
Unpaid Claims beginning of fiscal year	$ 1,707,079	$ 1,791,521	$ 484,717	$ 191,487	$ 362,260	$ 348,690
Incurred claims and premiums	23,979,775	20,196,841	340,836	885,719	2,012,059	1,476,872
Claims and premiums paid	(23,732,518)	(20,281,283)	(363,270)	(592,489)	(1,914,716)	(1,463,302)
Unpaid Claims end of fiscal year	$ 1,954,336	$ 1,707,079	$ 462,283	$ 484,717	$ 459,603	$ 362,260

The County carries commercial insurance for its exposure to various risks related to torts, theft, damage to, and destruction of assets and errors and omissions. The finance officer is bonded at $1,000,000; the tax administrator is bonded at $60,000, the sheriff is bonded at $5,000, and the register of deeds is bonded at $25,000. The remaining employees are covered by a crime insurance policy with limits of $1,000,000 per loss. The County has $12,500,000 in flood coverage with a $100,000 deductible for all structures.

The County also has a Network Security & Privacy Liability insurance (Cyber) policy with limits of $3,000,000.

NOTE 13 - CLAIMS AND JUDGEMENTS

At June 30, 2024, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

NOTE 14 - LONG-TERM OBLIGATIONS

A. General Obligation Bonds, Notes from Direct Borrowings and Direct Placements, Installment Financings, Revenue Bonds' Indebtedness, and Derivatives

General Obligation Bonds: The general obligation bonds are issued for school facilities and various general government capital projects and items are serviced by the General Fund. The general obligation bonds are collateralized by the full faith, credit, and taxing power of the County. Principal and interest requirements are appropriated when due for all debt.

General Obligation Bonds from direct placements: The County's outstanding notes from direct borrowings and direct placements were issued for school facilities capital projects and are serviced by the General Fund. The outstanding notes were entered into to mitigate interest rate risk associated with variable rate debt by converting the variable interest rates on the 2004A, 2007A, and 2007C general obligation bonds to fixed rate bonds. The County's outstanding notes are secured by a general obligation pledge of the full faith and credit of the County. The outstanding notes contain a provision that in the event of default the outstanding amounts of the obligation become immediately due and payable. The outstanding notes have no subjective acceleration clauses.

Installment Financing: Installment financing, certificates of participation ("COPs") and limited obligation bonds (LOBs) are issued for school facilities and various general government capital projects and items are serviced by the General Fund. The COPs and Installment Financing are collateralized by the assets financed and are not secured by the taxing power of the County. The 2012 and 2023 Limited Obligation Bonds were issued pursuant to a deed of trust that requires that legal title to the tract of land that Marvin Ridge Schools (the property) resides on remain with the County as long as the debt is outstanding because the property is pledged as collateral for debt. The 2020 Installment Financing were issued pursuant to a deed of trust that requires that legal title to the tract of land that the Union County Progress Building resides on remain with the County as long as the debt is outstanding because the property is pledged as collateral for debt. The COPs and Installment Financings require the County to follow customary covenants including providing insurance certificates, budget data, and financial information on an annual basis.

Revenue Bonds: The revenue bonds are secured by the pledge of net revenues derived from the acquired or constructed assets of the water and sewer system. The derivative is an interest swap agreement with the objective of protecting Union County against the risk of interest rate changes in connection with revenue bond variable rate debt and to effect lower debt service costs on the County’s fixed rate debt. Any derivative that the County enters into must first have the approval of the Local Government Commission (LGC) and the County Commissioners. Revenue Bonds are described further in Note 14. D.

The other long-term obligations, were issued for acquired or constructed assets of the water and sewer system are described further in Note 14 D.

1. Long-term obligations at June 30, 2024 are reflected in the following table. Bonds and installment financings appearing in the table that have associated derivative products are denoted with a lower case letter of the alphabet in parenthesis.

	Issue Date	Due Serially To	Interest Rate	Original Issue	Principal Balance June 30, 2024
1. General Obligation Bonds (GO Bonds)					
2013A Refunding Bonds (School Facility)	March 19, 2013	March 01, 2029	1.50% - 5.00%	$ 42,890,000	$ 25,350,000
2015 Refunding Bonds (School Facility)	Dec. 08, 2015	Sept. 01, 2029	2.00% - 5.00%	41,020,000	18,695,000
2017 Schools Facility	Nov. 21, 2017	Sept. 01, 2037	2.00% - 5.00%	50,000,000	35,000,000
2019 Multipurpose Bonds - Series C	Aug 22, 2019	Sept. 01, 2039	2.00% - 5.00%	91,910,000	73,490,000
2019 Refunding Bonds (School Facility) - Series D	Aug 22, 2019	Sept. 01, 2032	2.00% - 5.00%	15,260,000	13,055,000
2022 Multipurpose Bonds	April 22, 2022	March 01, 2042	3.00% - 5.00%	20,590,000	18,530,000
2023 School Bonds	May 16, 2023	Sept. 01, 2043	5.00%	134,405,000	134,405,000
					318,525,000
2. GO Bonds from direct placements					
2004 School Facility - Series A	Dec. 14, 2004	March 01, 2029	2.28%	48,265,000	16,207,387
2004 Law Enf. Facility - Series A	Dec. 14, 2004	March 01, 2029	2.28%	1,735,000	582,613
2007 School Facility - Series A and C	June 10, 2016	March 01, 2031	2.19%	43,040,000	31,155,000
2019 Economic Development Series A	July 23, 2019	March 01, 2039	2.95% - 4.53%	17,555,000	13,308,000
2019 Multipurpose Series B	July 23, 2019	March 01, 2039	2.33% - 4.38%	8,045,000	6,149,000
					67,402,000
3. Installment Financing					
2012 Limited Obligation Bonds	May 01, 2012	December 01, 2024	1.00% - 5.00%	27,850,000	4,855,000
2020 Installment Financing Contract	October 15, 2020	October 15. 2035	1.86%	5,600,000	4,478,000
2023 Limited Obligation Bonds	April 27, 2023	December 01, 2031	5.00%	23,210,000	20,280,000
					29,613,000
4. Revenue Bonds					
2015 Enterprise System	December 9, 2015	June 01, 2040	2.00% - 5.00%	22,955,000	17,750,000
2017 Enterprise System	August 30, 2017	June 01, 2040	3.00% - 5.00%	58,990,000	47,800,000
2019 Enterprise System - Series A	May 30, 2019	June 01, 2044	2.00% - 5.00%	68,430,000	60,140,000
2021 Enterprise System	March 10, 2021	June 01, 2051	1.375% - 5.00%	298,775,000	286,335,000
					412,025,000
Total General Obligation Bonds, GO Bond Notes from direct placement, Installment Financings, Revenue Bonds and Other Long-term Obligation					$ 827,565,000

2. The preceding long-term obligations are as follows:

	Governmental Activities	Business-type Activities	Total
General Obligation Bonds	$ 359,597,703	$ -	$ 359,597,703
GO Bonds from direct placements	67,402,000	-	67,402,000
Certificates of Participation	27,745,384	-	27,745,384
Installment Financing	4,478,000	-	4,478,000
Revenue Bonds	-	451,070,387	451,070,387
Total	$ 459,223,087	$ 451,070,387	$ 910,293,474

3. The table in Note 14 part A differs from the long-term obligations in Note 14 part B due to the following:

	Unamortized Premium
General Obligation Bonds	
2013A School Refunding	$ (1,146,833)
2015 School Refunding	(2,845,023)
2017 School Facility	(2,750,611)
2019C Multipurpose Bonds	(9,717,872)
2019D School Refunding	(2,140,173)
2022 Multipurpose Bonds	(1,930,158)
2023 GO Bonds	(20,542,033)
Installment Financing	
2012 Limited Obligation Bonds (Schools)	(101,049)
2012 Limited Obligation Bonds (Other)	(28,381)
2023 Limited Obligation Bonds (Schools)	(2,480,954)
Revenue Bonds	
2015 Enterprise System Revenue Bonds	(1,445,065)
2017 Enterprise System Revenue Bonds	(3,464,573)
2019 Enterprise System Revenue Bonds	(8,000,520)
2021 Enterprise System Revenue Bonds	(26,135,229)
Total	(82,728,474)
Long-term Obligations (per Note 14, A,2)	910,293,474
Future Maturities of Long-term Obligations (per Note 14, B)	$ 827,565,000

B. Future Maturities of Long-Term Obligations

Annual debt service requirements to maturity, including interest, are as follows (excluding compensated absences, net OPEB liability and net pension liability (LGERS)):

	General Obligation Bonds		General Obligation Bonds from Direct Placement		Total General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities						
2025	$ 26,680,000	$ 13,134,200	$ 7,890,000	$ 1,707,161	$ 34,570,000	$ 14,841,361
2026	25,430,000	11,938,700	9,665,000	1,524,747	35,095,000	13,463,447
2027	23,765,000	10,819,125	9,385,000	1,301,859	33,150,000	12,120,984
2028	23,415,000	9,662,300	9,105,000	1,085,337	32,520,000	10,747,637
2029	22,480,000	8,683,713	8,769,000	875,180	31,249,000	9,558,893
2030-2034	83,785,000	31,263,375	16,475,000	2,182,251	100,260,000	33,445,626
2035-2039	71,700,000	16,242,638	6,113,000	771,543	77,813,000	17,014,181
2040-2044	41,270,000	4,453,500	-	-	41,270,000	4,453,500
2045-2049	-	-	-	-	-	-
	$ 318,525,000	$ 106,197,551	$ 67,402,000	$ 9,448,078	$ 385,927,000	$ 115,645,629

	Certificates of Participation and Installment Financing		Total Governmental Activities	
Governmental Activities	Principal	Interest	Principal	Interest
2025	$ 5,229,000	$ 1,215,188	$ 39,799,000	$ 16,056,549
2026	3,304,000	1,013,606	38,399,000	14,477,053
2027	3,293,000	860,409	36,443,000	12,981,393
2028	3,283,000	707,721	35,803,000	11,455,358
2029	3,268,000	555,659	34,517,000	10,114,552
2030-2034	10,490,000	730,476	110,750,000	34,176,102
2035-2039	746,000	13,876	78,559,000	17,028,057
2040-2044	-	-	41,270,000	4,453,500
2045-2049	-	-	-	-
	$ 29,613,000	$ 5,096,935	$ 415,540,000	$ 120,742,564

	Revenue Bonds		Total Long-term Obligations for Governmental and Business-type Activities	
	Principal	Interest	Principal	Interest
Business Type Activities				
2025	$ 11,970,000	$ 13,769,471	$ 51,769,000	$ 29,826,020
2026	12,575,000	13,170,971	50,974,000	27,648,025
2027	13,195,000	12,542,221	49,638,000	25,523,614
2028	13,835,000	11,906,621	49,638,000	23,361,979
2029	14,525,000	11,214,871	49,042,000	21,329,423
2030-2034	81,195,000	47,513,731	191,945,000	81,689,833
2035-2039	88,660,000	34,863,249	167,219,000	51,891,305
2040-2044	79,950,000	21,678,081	121,220,000	26,131,581
2045-2049	66,600,000	10,540,050	66,600,000	10,540,050
2050-2054	29,520,000	1,335,000	29,520,000	1,335,000
	$ 412,025,000	$ 178,534,266	$ 827,565,000	$ 299,276,830

As of June 30, 2024, Union County had $32,725,000 of general obligation bonds authorized and unissued and had a legal debt margin of $2,762,824,600.

C. Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2024 (and agrees to table in Note 14 part A):

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Governmental Activities:					
Bonds Payable					
General obligation bonds	$ 338,645,000	$ -	$ 20,120,000	$ 318,525,000	$ 26,680,000
GO Bonds from direct placements	75,527,000	-	8,125,000	67,402,000	7,890,000
Certificates of participation	29,795,000	-	4,660,000	25,135,000	4,855,000
Installment financing	4,852,000	-	374,000	4,478,000	374,000
Premium	47,526,824	-	3,843,737	43,683,087	3,468,933
Total Bonds Payable	496,345,824	-	37,122,737	459,223,087	43,267,933
Compensated absences	7,053,723	7,634,477	7,062,891	7,625,309	7,625,309
Lease liability	1,539,957	375,674	447,653	1,467,978	495,882
Subscription liability	1,870,854	5,167,248	2,738,809	4,299,293	1,316,583
Net OPEB liability	32,339,154	23,998,430	-	56,337,584	-
Net pension liability (LGERS)	48,053,642	7,692,960	-	55,746,602	-
Net pension liability, separation allowance	13,080,656	1,120,778	-	14,201,434	-
Government activities long term liabilities	$ 600,283,810	$ 45,989,567	$ 47,372,090	$ 598,901,287	$ 52,705,707
Business-type Activities:					
Bonds Payable					
Revenue bonds	$ 423,430,000	$ -	$ 11,405,000	$ 412,025,000	$ 11,970,000
Premium	40,726,181	-	1,680,794	39,045,387	1,680,794
Total Bonds Payable	464,156,181	-	13,085,794	451,070,387	13,650,794
Compensated absences	1,052,324	1,337,082	1,122,685	1,266,721	1,266,721
Accrued landfill postclosure care costs	6,393,380	-	1,020,399	5,372,981	-
Lease liability	75,352	11,276	19,263	67,365	20,400
Subscription liability	69,833	1,042,373	424,338	687,868	237,477
Net OPEB liability	5,550,969	4,101,894	-	9,652,863	-
Net pension liability (LGERS)	7,371,132	1,691,888	-	9,063,020	-
Net pension liability, separation allowance	887,827	87,100	-	974,927	-
Business-type activities long term liabilities	$ 485,556,998	$ 8,271,613	$ 15,672,479	$ 478,156,132	$ 15,175,392

Compensated absences, LGERS, Separation Allowance, and OPEB for governmental activities typically have been liquidated in the General Fund or one of the Enterprise Funds depending on the location status of the employee at the time of liquidation.

D. Revenue Bonds

The County issued combined system enterprise revenue bonds for water and sewer system improvements pursuant to a General Trust Indenture dated as of May 1, 1996; Series Indenture Number 2, dated as of May 15, 2003; Series Indenture Number 3, dated as of August 1, 2009; Series Indenture Number 4, dated as August 4, 2011: Series Indenture Number 5, dated as of December 1, 2011; Series Indenture Number 6, dated as of December 1, 2015; and Series Indenture Number 7, dated as of August 1, 2017; and Series Indenture Number 8, (together the “Indentures”) between the County and First Union National Bank of North Carolina (now succeeded by U.S. Bank National Association), as trustee. The Indentures authorize and secure all outstanding revenue bonds of the County’s water and sewer system and contain several financial and operating covenants governing such matters as rates, additional bonds, reserve funds, annual budgets, maintenance of the system, and insurance. The General Trust Indenture contains a provision that in the event of default the trustee may, or if required by the owners of not less than a majority of the principal amount of the bonds, must declare the bonds to be immediately due and payable. The net revenues of the combined water and sewer system are the assets pledged as collateral for the outstanding revenue bonds.

The rate covenant of the County is as follows: Before the commencement of each fiscal year, the County will fix, establish or maintain or cause to be fixed, established and maintained such rates and charges for the provision of services of the Enterprise Systems and revise or cause to be revised the same, as necessary, as will produce revenues at least equal in such Fiscal Year to the total of the current expenses budgeted for such Fiscal Year, as may be amended from time to time, plus 120% of (1.20 times) the Principal and Interest Requirements on the Bonds to become due during that Fiscal Year plus 100% of (1.00 times) the Principal and Interest Requirement on General Obligation Indebtedness and Subordinate Indebtedness to become due in such Fiscal Year plus 100% of (1.00 times) the Principal and Interest Requirements on Other Indebtedness to become due in such Fiscal Year plus 100% (1.00 times) the amount required to reimburse the provider of a qualified reserve fund substitute for any amounts owing hereunder.

Revenues mean all rates, fees (including any tap, system development fees (formerly named capacity impact fees), rental, assessments or other charges or other money received by the County in connection with the ownership, management and operation of the water and sewer system, and all parts thereof, including amounts received from the investments of moneys (with the exception of investment earnings on revenue bonds construction funds), all as calculated in accordance with generally accepted accounting principles. Current expenses means the current expenses of operation, maintenance and current repair of the water and sewer system, as calculated in accordance with generally accepted accounting principles. Current expenses do not include depreciation expense or moneys payable as interest on bonds.

The County believes it is in compliance with all such covenants during the fiscal year ended June 30, 2024. The calculation for the various debt service coverage ratios for the year ended June 30, 2024 is as follows:

Revenues	$	92,148,910
Current Expenses		43,161,432
Net revenues available for debt service	$	48,987,478
Senior debt service coverage:		
Debt service, principal and interest paid	$	25,737,421
Subordinate debt service:		
Debt service, principal and interest paid		-
Total debt service:		
Total debt service, principal and interest paid		25,737,421
Add: 20% of senior debt service		5,147,484
Adjusted debt service requirements	$	30,884,905
Coverage Test 1		
Net revenues / adjusted debt service		1.59
Coverage Test 2		
Net revenues / total debt service		1.90

E. Conduit Debt Obligations

Union County Industrial Facility and Pollution Control Financing Authority (the "Authority") has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, or any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2024, there was one series of industrial revenue bonds outstanding, with an aggregate principal amount payable of $10,000,000.

F. Debt Related to Capital Activities

As of June 30, 2024, of the total Governmental Activities debt listed, $123,028,029 relates to assets the County holds title to. As of June 30, 2024, there is $20,979,070 in unspent restricted cash related to this debt amount. The remaining $341,962,329 in outstanding debt is for Union County Public Schools Facilities and South Piedmont Community College.

G. Leases

The County has entered into agreements to lease certain buildings and equipment. The lease agreements have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The future lease obligations and the net present value of these lease payments as of June 30, 2024, were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2025	$ 516,282	$ 10,832	$ 527,114
2026	482,570	7,450	490,020
2027	337,973	4,744	342,717
2028	132,338	2,485	134,823
2029	66,180	882	67,062
	$ 1,535,343	$ 26,393	$ 1,561,736

H. Subscriptions

The County has entered into agreements to subscribe to certain softwares. The agreements have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Year Ending June 30	Principal Payments	Interest Payments	Total
2025	$ 1,554,060	$ 138,789	$ 1,692,849
2026	1,529,864	93,797	1,623,661
2027	649,266	48,838	698,104
2028	536,997	30,099	567,096
2029	198,944	14,956	213,900
2030-2032	518,030	16,719	534,749
	$ 4,987,161	$ 343,198	$ 5,330,359

NOTE 15 - INTERFUND BALANCES AND ACTIVITY

A. INTERFUND BALANCES

The composition of inter-fund balances as of June 30, 2024 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water & Sewer Fund	$ (132,406)*
General Fund	Solid Waste Fund	(3,010)*
		$ (135,416)

*Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds (as shown on Exhibit A).

B. INTERFUND ACTIVITY

Transfers to/from other funds at June 30, 2024, consist of the following:

	Transfers To:						
Transfers From:	General Fund	General Capital Project Fund	Water & Sewer Capital Project Fund	Solid Waste Fund	General Special Revenue Fund	Non-Major Special Revenue Funds	Total
General Fund	$ -	$ 54,315,695	$ 400,000	$ 550,000	$ 40,000	$ 6,628,377	$ 61,934,072
General Special Revenue Fund	4,480,897	1,220,422	700,000	-	-	-	6,401,319
Total	$ 4,480,897	$ 55,536,117	$ 1,100,000	$ 550,000	$ 40,000	$ 6,628,377	$ 68,335,391

Interfund transfers from General Fund consisted of $400,000 transfer to Water & Sewer Capital Project Fund for ARPA enabled Emerald Woods waterline project; $550,000 transfer to Solid Waste Fund for the implementation of free disposal of bagged household waste program, and $40,000 to General Special Revenue Fund for the local grant match for Transportation Carbon Reduction Grant. Also from General Fund $6,628,377 was transferred to Non-Major Special Revenue Funds that includes budget appropriation to Fire Districts for $6,498,691; adjustment to Emergency Telephone Fund for the expenditures over the amount that was approved by the PSAP Board for $4,686, and $125,000 for the Reappraisal Fund budget appropriation.

There were also transfers from General Special Revenue Fund to other funds including General Fund for $4,480,897 to rehire public sector staff using ARPA funding; $1,220,422 to the General Capital Project Fund of ARPA investment earnings for the purchase of land to be used for a future jail site; and $700,000 to Water and Sewer Capital Project Fund to appropriate ARPA investment earnings for Piedmont Innovation Park Sewer.

NOTE 16 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Governmental Activities:	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions - difference between expected and actual experience		
LGERS	$ 6,211,822	$ 133,730
Register of Deeds	-	16,470
Separation Allowance	2,041,485	-
OPEB	281,991	1,235,959
Pensions - Changes of assumptions and other inputs		
LGERS	2,368,909	452,409
Register of Deeds	-	-
Separation Allowance	1,309,133	2,081,182
OPEB	26,213,845	8,666,060
Pensions - difference between projected and actual investment earnings		
LGERS	14,920,231	-
Register of Deeds	188,977	-
Separation Allowance	270,351	-
OPEB	-	1,231,241
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	396,676	-
Register of Deeds	10,995	30,572
Contributions to pension plans subsequent to measurement date		
LGERS	9,993,043	-
Register of Deeds	26,014	-
Separation Allowance	1,046,808	-
Prepaid taxes not yet earned (General)	-	93,874
Prepaid taxes not yet earned (Special Revenue)	-	5,270
Taxes receivable, net, less penalties (General)	-	597,203
Taxes receivable, net, less penalties (Special Revenue)	-	64,390
Deferred Gain of Debt Refundings	-	4,599,091
Deferred loss on refundings	12,989,226	-
Leases where the County is the lessor (General)	-	152,433,359
Total governmental activities	78,269,505	171,640,810
Business-Type Activities:		
Pensions - difference between expected and actual experience		
LGERS	1,009,889	21,741
Separation Allowance	140,148	-
OPEB	48,316	211,769
Pensions - changes of assumptions		
LGERS	385,126	73,551
Separation Allowance	89,872	142,873
OPEB	4,491,471	1,484,840
Pensions - difference between projected and actual investment earnings		
LGERS	2,425,661	-
Separation Allowance	18,560	-
OPEB	-	210,960
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions - LGERS	64,490	-
Contributions to pension plans subsequent to measurement date		
LGERS	1,624,622	-
Separation Allowance	71,863	-
Developer contributions for future Water and Sewer line extensions, not yet earned	-	185,112
Deferred loss on refundings	2,209,340	-
Total business type activities	12,579,357	2,330,845
Total	$ 90,848,862	$ 173,971,655

Following are the deferred inflows of resources that are reported in the governmental fund financial statements at June 30, 2024:

	General Fund	Other nonmajor Governmental Funds
Prepaid taxes not yet earned	$ 93,874	$ 5,270
Taxes receivable, net, less penalties	1,069,174	64,390
Leases where the County is the lessor	154,395,788	-
Total	$ 155,558,836	$ 69,660

NOTE 17 - JOINT VENTURES

A. Catawba River Treatment Plant

Union County and Lancaster County Water and Sewer District ("district") constructed a water impoundment and treatment facility on the Catawba River in Lancaster County. The joint venture is known as the Catawba River Water Treatment Plant (the “CRWTP”). The agreement between the two parties called for the payment of one-half the audited and agreed upon costs of acquiring, constructing, and equipping the project. The County has a 50% undivided interest in the facility. Management of the facility is the responsibility of a joint board. The joint board is composed of an equal number of members from the district and County. A minimum of three (3) members from the district and County each serve on the joint board. The district has responsibility for operating the facility under the joint board's direction.

The agreement further calls for an annual audit each June 30 to determine actual expenses and gallons used. A final settlement will be made each year based on audited amounts. Operating costs of the facility will be split between the parties based on metered gallons drawn by each. The joint venture serves only the County and district as customers. All purchases of water are considered to be related party transactions. During the year, the County purchased $3,851,444 of water.

The County's net investment is recorded in the Water and Sewer Enterprise Fund and is accounted for on the equity method. The County's equity interest as of June 30, 2024 was $45,713,483. This included the County's recognized loss of $1,297,343 for the year. Complete separate financial statements for the joint venture may be obtained from Catawba River Water Treatment Plant, 5107 Riverside Road, P.O. Box 214, Van Wyck, SC 29744. Summary financial information as of, and for the fiscal year ended June 30, 2024, is as follows:

Cash and investments	$ 2,279,260
Other assets	95,880,179
Total assets and deferred outflows	$ 98,159,439
Total liabilities and deferred inflows	$ 6,732,472
Total net position	91,426,967
Total liabilities, deferred inflows and net position	$ 98,159,439
Total revenues	$ 7,255,789
Total expenses	(10,567,190)
Capital contributions	716,714
Net increase in net position	$ (2,594,687)

B. South Piedmont Community College

The County, in conjunction with the State of North Carolina and Anson County Community College, participates in a joint venture to operate the Union Campus of South Piedmont Community College. The County appoints three members of the 14-member board of trustees of each community college. The president of the community colleges' student government association serves as a non-voting, ex-officio member of the board of trustees. The community colleges are included as component units of the state. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues debt to provide financing for new and restructured facilities. The outstanding principal debt as of June 30, 2024, was $33,367,533. The County contributed $3,356,808 to South Piedmont Community College for operating and $12,139,261.92 for capital purposes during the fiscal year ended June 30, 2024. The majority of the capital purchases are being paid for by general obligation bond proceeds that were issued on August 22, 2019 and on April 12, 2022. In addition, the County made debt service payments of $3,435,693 during the fiscal year on debt issued for the community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2024. Complete financial statements for the community colleges may be obtained from the community colleges' administrative offices at South Piedmont Community College, East Campus, P.O. Box 126, Polkton, NC 28135.

NOTE 18 - JOINTLY GOVERNED ORGANIZATION

Centralina Council of Governments

The Centralina Council of Governments is a voluntary association of nine County governments and seventy municipalities. The Council was established by the participating governments to coordinate funding from federal and state agencies. Each participating government appoints one member to the council's governing board, whose responsibilities include approving the budget and designating the management of the Council. The County paid membership dues of $66,824 during the fiscal year ended June 30, 2024. The County was the sub-recipient of a grant for $1,507,365 from the U.S. Department of Health and Human Services and the Division of Aging and Adult Services of the North Carolina Department of Human Resources that was passed through the Council.

NOTE 19 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The County 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.

NOTE 20 - SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

On October 21, 2024 the Union County Board of Commissioners approved to extend the other post-employment benefit for post-retirement health insurance to current and future employees hired after July 1, 2013 that complete 20 years of service with the County. It is anticpated that this change in eligiblity requirements will have a financial impact to the County's net OPEB liability for fiscal year ending June 30, 2025 and each year thereafter.

The County has evaluated subsequent events through October 31, 2024 in connection of preparation of these financial statements, which is the date the financial statements were available to be issued

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The following financial statements have been compiled from the audited financial statements of the County for the fiscal years ended June 30, 2024, 2023, and 2022.

Union County, North Carolina

Balance Sheet

General Fund

As of June 30, 2024, 2023, and 2022

	2024	2023	2022
Assets			
Cash and cash equivalents	$ 123,462,138	$ 133,613,911	$ 106,592,116
Property taxes receivable, net	1,069,180	1,089,246	1,011,139
Accounts receivable, net	30,388,770	28,600,307	34,792,588
Lease receivable	151,949,581	154,193,514	156,382,360
Accured interest receivable on leases	1,962,429	1,991,360	2,008,337
Inventories	58,250	52,487	40,728
Prepaid items	11,840	8,655	9,580
Advances to other funds	1,159,886	2,786	-
Cash and cash equivalents, restricted	4,398,940	16,316,711	6,213,827
Cash and cash equivalents, restricted-deposits	582,422	562,998	572,452
Total assets	$ 315,043,436	$ 336,431,975	$ 307,623,127
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable and accrued liabilities	$ 6,904,443	$ 7,710,296	$ 8,274,573
Unearned revenue	-	-	4,500
Deposits	582,422	562,998	572,452
Total liabilities	7,486,865	8,273,294	8,851,525
Deferred Inflows of Resources	155,558,836	160,478,117	163,700,223
Fund Balances			
Nonspendable	70,090	61,142	50,308
Restricted	37,155,303	31,694,610	37,204,166
Committed	71,513,449	71,391,899	63,282,510
Assigned	25,177,750	22,169,876	8,270,719
Unassigned	18,081,143	42,363,037	26,263,676
Total fund balances	151,997,735	167,680,564	135,071,379
Total Libailities, Deferred Inflows of Resources and Fund Balances	$ 315,043,436	$ 336,431,975	$ 307,623,127

The accompanying notes are an integral part of these financial statements.

Union County, North Carolina

Statement of Revenues, Expenditures, and Changes in Fund Balances

General Fund

For the Fiscal Years Ended June 30, 2024, 2023 and 2022

	2024	2023	2022
Revenues			
Ad valorem taxes	$ 237,639,699	$ 227,726,433	$ 218,376,814
Local option sales taxes	71,136,224	69,967,844	66,386,688
Other taxes and licenses	4,080,804	4,500,236	5,137,873
Intergovernmental	46,854,597	41,585,147	42,188,196
Permits and fees	5,232,309	5,672,591	7,408,503
Sales and services	6,710,600	6,196,783	9,003,258
Investment earnings	11,015,431	6,269,133	(1,136,555)
Miscellaneous	9,146,458	9,277,037	7,414,134
Total revenues	391,816,122	371,195,204	354,778,911
Expenditures			
Current:			
General government	38,227,287	34,062,365	29,730,227
Public safety	69,633,662	65,735,765	56,526,907
Economic and physical development	4,622,577	4,734,743	4,430,582
Human services	56,244,575	50,695,484	48,340,100
Culture and recreational	9,409,467	7,906,109	7,471,269
Intergovernmental:			
Education	126,384,212	120,597,623	114,629,080
Debt Service:			
Principal - long-term debt	33,279,000	36,669,000	36,510,002
Interest - long-term debt	16,042,102	11,628,071	13,018,264
Principal - subscriptions	1,272,897	921,459	-
Interest - subscriptions	41,893	42,921	-
Principal - leases	425,984	335,600	176,662
Interest - leases	5,042	5,873	4,583
Total expenditures	355,588,698	333,335,013	310,837,676
Excess of revenues over expenditures	36,227,424	37,860,191	43,941,235
Other Financing Sources (Uses)			
Transfers from other funds:			
Special revenue funds	4,480,897	17,786,479	-
Transfers to other funds:			
Special revenue funds	(6,668,377)	(6,507,735)	(5,519,154)
Capital project funds	(54,715,695)	(31,110,532)	(29,164,776)
Enterprise funds	(550,000)	-	-
Internal service funds	-	-	(3,825,300)
Premium on issuance of debt	-	10,043,962	190,830
Proceeds from issuance of refunding debt	-	23,210,000	-
Premium on issuance of refunding debt	-	2,898,446	-
Proceeds from land for resale	-	-	350,000
Issuance of lease liability	375,674	1,379,623	618,766
Issuance of subscription liability	5,167,248	3,004,974	-
Payments to refunded bonds escrow agents	-	(25,956,223)	-
Total other financing uses	(51,910,253)	(5,251,006)	(37,349,634)
Net change in fund balances	(15,682,829)	32,609,185	6,591,601
Fund balance, beginning of year	167,680,564	135,071,379	131,560,278
Prior period restatement	-	-	(3,080,500)
Fund balance, end of year	$ 151,997,735	$ 167,680,564	$ 135,071,379

The Accompanying Notes are an Integral Part of These Financial Statements.

Note to the Compiled Financial Statements

Prior Period Adjustment

General Fund – For the 2022 fiscal year, a prior period adjustment was made to record $3,080,500 of unearned lease revenue for lease payments, this involved hospital lease payments earned halfway through the prior fiscal year. This resulted in a reduction of beginning fund balance in the General Fund from $131,560,278 to $128,479,778.

The following financial statements have been compiled from the budget ordinance and related amendments of the County for the fiscal year ending June 30, 2025.

Union County, North Carolina

Compiled Budget - General Fund

For the Fiscal Year Ending June 30, 2025

As of April 30, 2025

	General Fund
Estimated revenues	
Ad valorem taxes	$ 240,778,067
Local option sales tax	72,833,751
Other taxes and licenses	5,540,200
Intergovernmental	49,112,603
Permits and fees	5,057,724
Sales and services	7,255,745
Investment earnings	3,635,000
Miscellaneous	8,142,060
Total estimated revenues	392,355,150
Appropriations	
General government	39,718,613
Public safety	76,175,303
Economic and physical development	10,808,206
Human services	64,812,142
Cultural and recreational	10,252,355
Education	134,674,706
Debt Service:	
Principal	39,799,000
Interest and other fees	16,078,937
Total appropriations	392,319,262
Estimated revenues over appropriations	35,888
Other financing sources (uses)	
Transfers from other funds:	
Special revenue funds	1,936,821
Transfers to other funds:	
Special revenue funds	(7,163,948)
Capital projects funds	(23,123,501)
Enterprise funds	(650,000)
Appropriated fund balances	28,964,740
Total other financing uses	(35,888)
Total estimated revenues and other financing sources over appropriations and other uses	$ -

Compiled by the staff of the finance department of Union County.

APPENDIX E

CERTAIN CONSTITUTIONAL, STATUTORY AND ADMINISTRATIVE PROVISIONS GOVERNING OR RELEVANT TO THE INCURRENCE OF GENERAL OBLIGATION BONDED INDEBTEDNESS BY UNITS OF LOCAL GOVERNMENT OF THE STATE OF NORTH CAROLINA

Constitutional Provisions

The North Carolina Constitution (the "Constitution") requires the General Assembly to enact general laws relating to the borrowing of money secured by a pledge of the faith and credit and the contracting of other debts by counties, cities and towns, special districts and other units, authorities and agencies of local government and prohibits enactment of special or local acts on this subject. These general laws may be enacted for classes defined by population or other criteria.

The General Assembly has no power under the Constitution to authorize any unit of local government to contract debts secured by a pledge of its faith and credit unless approved by a majority of the qualified voters of the unit who vote thereon, except for the following purposes:

(a) to fund or refund a valid existing debt;

(b) to supply an unforeseen deficiency in the revenue;

(c) to borrow in anticipation of the collection of taxes due and payable within the current fiscal year to an amount not exceeding 50% of such taxes;

(d) to suppress riots or insurrections;

(e) to meet emergencies immediately threatening the public health or safety, as conclusively determined in writing by the Governor; and

(f) for purposes authorized by general laws uniformly applicable throughout the State, to the extent of two-thirds of the amount by which the issuing unit's outstanding indebtedness was reduced during the next preceding fiscal year.

The Constitution requires that the power of taxation be exercised in a just and equitable manner, for public purposes only, and never be surrendered, suspended or contracted away. Since general obligation bonded indebtedness pledges the taxing power, it may therefore be incurred only for "public purposes." The North Carolina Supreme Court determines what is and is not a public purpose within the meaning of the Constitution.

The Constitution requires voter approval for any unit of local government to give or lend its credit in aid of any person, association or corporation, and such lending of credit must be for public purposes as authorized by general law. A loan of credit is defined by the Constitution as occurring when a unit of local government exchanges its obligations with or in any way guarantees the debts of an individual, association or private corporation.

The Constitution does not impose a limit on the total indebtedness of a unit of local government.

Of the sources of revenue available to units of local government, only the property tax is subject to special Constitutional regulation. The Constitution does not mandate a general property tax; rather, it authorizes the General Assembly to classify property for taxation under two conditions: (1) each class of property selected for taxation must be taxed by uniform rule and (2) every classification must be made by general law uniformly applicable to every unit of local government. No class of property is accorded exemption from ad valorem taxation by the Constitution except property belonging to the State, counties and municipal corporations. The General Assembly may exempt cemeteries and property held for educational, scientific, literary, cultural, charitable or religious purposes and, to a value not exceeding $300, any personal property. The General Assembly may also exempt from taxation not exceeding $1,000 in value of property used as the place of residence of the owner. Property of the United States is exempt by virtue of the supremacy clause of the United States Constitution.

The Constitution requires that any property tax must be levied for purposes authorized by general law uniformly applicable throughout the State, unless approved by a majority of the qualified voters of the unit of local government who vote thereon.

Under the Constitution, property taxes levied for unit-wide purposes must be levied uniformly throughout the territorial jurisdiction of the taxing unit, but the General Assembly may enact general laws authorizing the governing body of any county, city or town to define territorial areas and to levy taxes within those areas in order to finance, provide or maintain services, facilities and functions in addition to or to a greater extent than those financed, provided or maintained for the entire county, city or town.

The Local Government Bond Act

No unit of local government has authority to incur general obligation bonded indebtedness otherwise than in accordance with the limitations and procedures prescribed in The Local Government Bond Act, G.S. Ch. 159, Art. 4 (the "Act") and G.S. Ch. 159, Art. 7 or to issue short-term general obligation notes otherwise than in accordance with G.S. Ch. 159, Art. 9.

By statute, the faith and credit of the issuing unit are pledged for the payment of the principal of and interest on all bonds issued under the Act according to their terms, and the power and obligation of the issuing unit to levy taxes and raise other revenues for the prompt payment of installments of principal and interest or for the maintenance of sinking funds is unrestricted as to rate or amount.

The revenues of each utility or public service enterprise owned or leased by a unit of local government are required by statute to be applied in accordance with the following priorities: (1) to pay the operating, maintenance and capital outlay expenses of the utility or enterprise; (2) to pay when due the interest on and principal of outstanding bonds issued for capital projects that are or were a part of the utility or enterprise; and (3) for any other lawful purpose. In its discretion, an issuing unit may pledge the revenues (or any portion thereof) of a utility or enterprise for the payment of the interest on and principal of bonds issued under the Act to finance capital projects that are to become a part of the utility or enterprise.

Bonds may be issued only for purposes specifically authorized by the Act.

No bonds may be issued under the Act without the approval of the Local Government Commission. The criteria for approval have been summarized in the description of the powers of the Commission in Appendix B to this Official Statement.

The Act provides that, subject to certain exceptions, no bond order may be adopted by the governing body of a unit of local government unless it appears from a sworn statement of debt filed in connection therewith that the net debt of the unit does not exceed 8% of the assessed value of property subject to taxation by the issuing unit. Under current law, the mandated assessment ratio is 100% of appraised value. This limitation does not apply to funding and refunding bonds, bonds issued for water, gas or electric power purposes, or two or more of such purposes, certain sanitary sewer, sewage disposal or sewage purification plant bonds, bonds or notes issued for erosion control purposes or bonds or notes issued for the purposes of erecting jetties or other protective works to prevent encroachment by certain bodies of water.

"Net debt" is defined as gross debt less certain statutory exclusions and deductions. Gross debt, excluding therefrom debt incurred or to be incurred in anticipation of tax or other revenue collections or in anticipation of the sale of bonds other than funding or refunding bonds, is the sum of (i) outstanding debt evidenced by bonds, (ii) bonds authorized by orders introduced but not yet adopted, (iii) unissued bonds authorized by adopted orders and (iv) outstanding debt not evidenced by bonds. From gross debt are deducted (a) funding and refunding bonds (both those authorized by orders introduced but not yet adopted and those authorized but not yet issued), (b) the amount of money held in sinking funds or otherwise for the payment of any part of the principal of gross debt other than debt incurred for the purposes set forth in clause (e) below, (e) the amount of bonded debt included in gross debt and incurred, or to be incurred, for water, gas or electric light or power purposes, or two or more of such purposes, and certain bonded debt for sanitary sewer purposes, and (d) the amount of uncollected special assessments theretofore levied or estimated to be levied for local improvements for which any part of the gross debt (that is not otherwise deducted) was or is to be incurred, to the extent that the special assessments, when collected, will be applied to the payment of any part of the gross debt. Revenue bond indebtedness is not included in, nor deducted from, gross debt.

Bonds may be issued under an approved bond order at any time within seven years after the bond order takes effect. The effective date of the bond order is the date of formal passage of the bond order in the case of bonds that do not require voter approval and the date of voter approval in all other cases. If the issuance of bonds is prevented or prohibited by any order of any court or certain litigation, the period of time is extended by the length of time elapsing between the date of institution of the action or litigation and the date of its final disposition. The General Assembly may, prior to the expiration of the maximum period, also extend such period. In addition, such period may be extended from seven to ten years by the governing body of a unit of local government under certain circumstances with approval by the Commission. In any such case, no further voter approval is required.

The Commission has by regulation established the maximum useful lives of capital projects that may be financed by bonds. The maturity dates of any bonds issued for any project may not exceed the maximum useful life of the project, measured from the date of the bonds.

All bonds must mature in annual installments, the first of which must be payable not more than three years after the date of the bonds and the last of which must be payable within the maximum useful life of the project. Payment of an installment of principal may be provided for by the maturity of a bond, mandatory redemption of principal prior to maturity, a sinking fund, a credit facility or any other means satisfactory to the Commission. In addition, the Act prohibits "balloon installments" in that it requires that no installment of any issue may be greater than four times as large in amount as the smallest prior installment of the same issue. Bonds authorized by two or more bond orders may be consolidated into a single issue, and bonds of each issue may be issued from time to time in series with different provisions for each series. Each series is deemed a separate issue for the purposes of the limitations discussed in this paragraph. Bonds may be made payable from time to time on demand or tender for purchase as provided in the Act, and bonds may be made subject to redemption prior to maturity, with or without premium. The requirement that the bonds must mature in annual installments and the prohibition against balloon installments as described above does not apply to (a) refunding bonds, (b) bonds purchased by a State or federal agency or (c) bonds the interest on which is or may be includable in gross income for purposes of federal income tax, provided that the dates on which such bonds are stated to mature are approved by the Commission and the Commission may require that payment of all or any part of the principal of and interest and any premium on such bond be provided for by mandatory sinking fund redemption.

Short-Term Obligations

Bond Anticipation Notes - Units of local government are authorized to issue short term notes in anticipation of the sale of bonds validly authorized for issuance within the maximum authorized amount of the bonds. General obligation bond anticipation notes must be payable not later than seven years after the effective date of the bond order and shall not be renewed or extended beyond that time unless the period of time within which the bonds may be issued has been extended as mentioned above. The faith and credit of the issuing unit are pledged for the payment of general obligation bond anticipation notes, and the power and obligation of the issuing unit to levy taxes and raise other revenues for the prompt payment of such notes is unrestricted as to rate or amount. The proceeds of each general obligation bond issue are also pledged for the payment of any notes issued in anticipation of the sale thereof, and any such notes shall be retired from the proceeds of the bonds as a first priority.

Tax Anticipation Notes - Units of local government having the power to levy taxes are authorized to borrow money for the purpose of paying appropriations made for the current fiscal year in anticipation of the collection of taxes due and payable within the current fiscal year, and to issue negotiable notes in evidence thereof. Any tax anticipation note must mature not later than 30 days after the close of the fiscal year in which it is issued and may not be renewed beyond that time. No tax anticipation note shall be issued by the unit of local government if the amount thereof, together with the amount of all authorized or outstanding tax anticipation notes on the date the note is authorized, would exceed 50% of the amount of taxes uncollected as of the date of the proposed note authorization. The faith and credit of the issuing unit are pledged for the payment of tax anticipation notes, and the power and obligation of the issuing unit to levy taxes and raise other revenues for the prompt payment of such notes is unrestricted as to rate or amount.

Revenue Anticipation Notes - Units of local government are authorized to borrow money for the purpose of paying appropriations made for the current fiscal year in anticipation of the receipt of the revenues, other than taxes, estimated in their budgets to be realized in cash during such fiscal year, and to issue negotiable notes in evidence thereof. Any revenue anticipation note must mature not later than 30 days after the close of the fiscal year in which it is issued and may not be renewed beyond that time. No revenue anticipation note shall be issued if the amount thereof, together with the amount of all revenue anticipation notes authorized or outstanding on the date the note is authorized, would exceed 80% of the revenues of the issuing unit, other than taxes, estimated in its budget to be realized in cash during such fiscal year. Revenue anticipation notes are special obligations of the issuing unit, and neither the credit nor the taxing power of the issuing unit may be pledged for the payment of revenue anticipation notes.

Grant Anticipation Notes - Units of local government are authorized to borrow money for the purpose of paying appropriations made for capital projects in anticipation of the receipt of moneys from grant commitments for such capital projects from the State or the United States or any agencies of either, and to issue negotiable notes in evidence thereof. Grant anticipation notes must mature not later than 12 months after the estimated completion date of such capital project and may be renewed from time to time, but no such renewal shall mature later than 12 months after the estimated completion date of such capital project. No grant anticipation note may be issued if the amount thereof, together with the amount of all other notes authorized or issued in anticipation of the same grant commitment, exceeds 90% of the unpaid amount of said grant commitment. Grant anticipation notes are special obligations of the issuing unit, and neither the credit nor the taxing power of the issuing unit may be pledged for the payment of grant anticipation notes.

The Local Government Budget and Fiscal Control Act

The Local Government Budget and Fiscal Control Act, G.S. Ch. 159, Art. 3 (the "Fiscal Control Act"), sets forth procedures for the adoption and administration of budgets of units of local government. The Fiscal Control Act also prescribes certain accounting and auditing requirements. The Fiscal Control Act attempts to achieve close conformity with the accounting principles contained in the American Institute of Certified Public Accountants' Industry Audit Guide, Audits of State and Local Government Units.

Budget - The Fiscal Control Act requires the adoption of an annual balanced budget, which includes all appropriations required for debt service and for eliminating any deficit. Any deficit is required to be eliminated by the imposition of a property tax at a rate which will produce the revenue necessary to balance revenues and appropriations in the budget. The Secretary of the Commission is required to notify each local government unit by May 1 of each year of its debt service obligations for the coming fiscal year, including sums to be paid into sinking funds. At least 30 days prior to the due date of each installment of principal or interest on outstanding debt, the Secretary must notify each unit of the payment due, the due date, the place which the payments should be sent, and a summary of the legal penalties for failing to meet debt service obligations.

The Fiscal Control Act directs that the budget ordinance be adopted by the governing board of the unit of local government by July 1 of the fiscal year to which it applies. There is no penalty for failure to meet this deadline. The fiscal year begins July 1 and ends the following June 30. The governing board is required to hold a public hearing concerning the budget prior to its adoption. A project ordinance authorizing all appropriations necessary for the completion of a capital project or a grant project may be adopted in lieu of annual appropriations for each project and need not be readopted in any subsequent fiscal year.

Fiscal Control – The Fiscal Control Act sets forth certain fiscal control requirements concerning the duties of the finance officer; the system of accounting; budgetary accounting for appropriations; investment of idle funds; semiannual reports of financial information to the Commission; and an annual independent audit.

Except as otherwise provided by regulation of the Commission, the Fiscal Control Act requires a unit of local government to use the modified accrual basis of accounting in recording transactions. The Commission is empowered to prescribe regulations as to (a) features of accounting systems; (b) bases of accounting, including identifying in detail the characteristics of a modified accrual basis, identifying what revenues are susceptible to accrual, and permitting or requiring the use of a basis other than modified accrual in a fund that does not account for the receipt of a tax; and (c) definitions of terms not clearly defined in the Fiscal Control Act.

The Fiscal Control Act requires each unit of local government to have its accounts audited annually by an independent certified public accountant or by an independent accountant certified by the Commission as qualified to audit local government accounts. The audit must be conducted pursuant to a written contract containing the form, terms and fees for the audit. The Secretary of the Commission must approve this contract before the audit may begin and must approve invoices for the audit fee. Approval of final payment is not given until the audit report is rendered in accordance with the requirements of the contract. All audits are to be performed in conformity with generally accepted auditing standards.

Major General Fund Revenue Sources

Ad Valorem Tax - Each unit of local government having authority to incur general obligation bonded indebtedness also has authority to levy ad valorem taxes on property having a situs within the unit. The ad valorem tax is levied on classes of property selected for taxation by the General Assembly through laws that are uniform throughout the State. The statute governing the listing, appraisal and assessment of property for taxation and the collection of taxes levied is the Machinery Act, G.S. Ch. 105, Subchapter II.

Tax Base - The basic class of property selected for taxation comprises all real and tangible personal property. Thus, unless a class of property is specifically excluded from the property tax base, exempted from taxation or specifically accorded some kind of preferential tax treatment, it must be taxed by each unit of local government exercising its authority to levy property taxes. Several classes of property have been selected for exclusion from the property tax base, exemption from taxation or taxation at reduced valuation or for special appraisal standards. The most significant of these classes are:

(1) Tangible household personal property is excluded from the property tax base.

(2) Stocks and bonds, accounts receivable and certain other types of intangible personal property are excluded from the property tax base.

(3) Property belonging to certain qualified owners and used wholly and exclusively for religious, educational, charitable, cultural, fraternal or civic purposes is wholly exempted from taxation. Property belonging to the United States, the State and units of local government is also exempt from taxation.

(4) Real and personal property owned by certain nonprofit homes for the aged, sick or infirm are excluded from property taxation, provided such homes are exempt from the State income tax.

(5) Certain kinds of tangible personal property held for business purposes are excluded from taxation, the most important of which are:

   (a) Manufacturers' inventories (raw materials, goods in process, finished goods, materials or supplies consumed in processing, crops, livestock, poultry, feed used in production of livestock and poultry, and other agricultural or horticultural products held for sale) and inventories of retail and wholesale merchants (tangible personal property held for sale and not manufactured, processed or produced by the merchant).

   (b) Property imported through a North Carolina seaport terminal and stored at such terminal for less than 12 months awaiting further shipment.

   (c) Certain pollution abatement and resource recovery equipment.

   (d) "Bill and hold" goods manufactured in North Carolina and held by the manufacturer for shipment to a nonresident customer.

   (e) Nuclear materials held for or in the process of manufacture or processing or held by the manufacturer for delivery.

   (f) Motor vehicle frames that belong to nonresidents and enter the State temporarily for the purpose of having a body mounted thereon.

(6) A homestead exemption of the greater of $25,000 or 50% of the appraised value of the residence is allowed if the property owner is a North Carolina resident, has income for the

preceding calendar year of not more than the eligibility limit, and is at least 65 years of age or totally and permanently disabled.

(7) Certain agricultural, horticultural and forest land is eligible for taxation at its value for agricultural, horticultural or forest use

Appraisal Standard - All property must be appraised at its true value in money, except agricultural, horticultural and forest land eligible for appraisal at its present-use value. Property must be assessed for taxation at 100% of its appraised value.

Frequency of Appraisal - Real property must be appraised at least once in every eight years. The requirement of octennial real property revaluations has been enforced since 1965, and no taxing unit has been permitted to postpone a scheduled revaluation since that time. Many units revalue real property more frequently than every eight years. Personal property is appraised annually.

Tax Day - All real and tangible personal property (other than most motor vehicles) subject to ad valorem taxation must be listed for taxation as of January 1 each year. Motor vehicles, with certain exceptions, must be listed annually in the name of the record owner on the day on which the current vehicle registration is renewed or the day on which the application is submitted for a new vehicle registration.

Tax Levy - Property taxes are levied in conjunction with the adoption of a budget which covers a July 1 to June 30 fiscal year. The property tax levy must be sufficient to raise during the fiscal year a sum of money equal to the difference between total appropriations and the total estimated receipts of all other revenues. In estimating the percentage of the levy that will be collected during the fiscal year, the taxing unit is prohibited from estimating a greater collection percentage than that of the prior fiscal year.

The tax rate may not exceed $1.50 per $100 assessed valuation unless the voters approve a higher rate. Tax levies by counties for the following purposes are not counted against the rate limit: courts, debt service, deficits, elections, jails, schools, mandated social services programs and joint undertakings with any other taxing unit with respect to any of these. Tax levies by cities for the following purposes are not counted against the rate limit: debt service, deficits and civil disorders.

Tax Collection - The taxing unit has a lien by operation of law on all real property within its jurisdiction that attaches as of January 1 for all taxes levied for the fiscal year beginning on the following July 1. Taxes levied on a parcel of real property are a lien on that parcel but not on other real property owned by the taxpayer. Taxes levied on personal property are a lien on all real property owned by the taxpayer within the taxing unit. The tax lien enjoys absolute priority against all other liens and claims whatsoever except, in limited circumstances, federal tax liens and certain other prior liens and perfected security interests.

Except for motor vehicles, taxes fall due on September 1 following the date of levy and are payable at par until January 6. For the period January 6 to February 1, interest accrues at the rate of 2%, and for the period February 1 until the principal amount of the taxes, the accrued interest, and any penalties are paid, interest accrues at the rate of 3/4% per month or fraction thereof. Each taxing unit may enforce collection of its tax levy by (a) foreclosure of the lien on real property, (b) levy and sale of tangible personal property and (c) garnishment and attachment of intangible personal property. There is no right of redemption of real property sold in a tax foreclosure action.

Discounts for early payment of property taxes are allowed by some taxing units. To allow such discounts, the unit must adopt a discount schedule which must then be approved by the Ad Valorem Tax Division of the Department of Revenue.

No taxing unit has authority to release or refund any valid tax claim. The members of any governing board voting to make an unlawful release or refund of property taxes are personally liable for the amount unlawfully released or refunded.

The Commission periodically publishes statistics on the percentage of property tax levies collected before the close of the fiscal year for which levied. These statistics are available upon request.

Although the State has not levied a general property tax in more than forty years, it does continue general oversight of property tax administration by units of local government through the Ad Valorem Tax Division of the Department of Revenue. The Division has three main functions: (1) it appraises the property of electric power, gas, telephone and telegraph companies, the rolling stock of bus companies and motor freight carriers and the flight equipment of airlines; (2) it oversees local property tax administration; and (3) it provides staff assistance to the Property Tax Commission, an administrative appellate agency hearing listing and valuation appeals from local taxing units.

Local Government Sales and Use Taxes

The one percent local sales and use tax authorized by the Local Government Sales and Use Tax Act is levied by 99 of the 100 counties of the State (Mecklenburg County levies a virtually identical tax under a 1967 local act). The local sales tax base is the same as the State general sales tax base excluding exempt food sales, except that for goods sold to out-of-county purchasers for delivery out-of-county and sales of certain utility services. The situs of a transaction is the location of the retailer's place of business. Sales of tangible personal property delivered to out-of-county purchasers will be subject to sales tax in the county in which the retailer's place of business is located and will not be subject to the use tax of the destination county. The tax is collected by the State on behalf of local government, and the net proceeds, after deduction of the cost of collection and administration, are returned to the county of collection. The county governing board selects one of two formulas for allocation of the tax among the county and the municipalities therein. One formula calls for allocation on the basis of population and the other on the basis of ad valorem tax levy.

Counties are also authorized under the Supplemental Local Government Sales and Use Tax Act to levy a one-half percent sales tax. This sales tax is collected by the State, allocated to counties on a per capita basis and divided among each county and the municipalities located therein in accordance with the method by which the one percent sales and use taxes are distributed. An adjustment factor is applied to the per capita allocation for each county. All 100 counties levy this one-half percent supplemental sales tax.

Counties are also authorized under the Additional Supplemental Local Government Sales and Use Tax Act to levy an additional one-half percent sales tax. This additional supplemental sales tax is collected and distributed based on a point-of-origin allocation. During the first 16 fiscal years in which this tax is in effect, 60% of the revenue derived by counties from this tax is required to be used for public school capital outlay purposes or to retire any indebtedness incurred by the county for these purposes during the period beginning five years prior to the date the taxes took effect. Counties may be relieved of the percentage restriction if it can demonstrate to the satisfaction of the Local Government Commission that it is able to meet the aforementioned capital outlay needs without resorting to proceeds of such tax. All 100 counties levy this additional supplemental one-half percent sales tax.

Alcoholic Beverage Control Store Profits

The sale of liquor in the State is a government monopoly. Stores are operated by counties and municipalities that have been authorized and have chosen to establish them. The net profits of these stores are distributed to the units of local government in which they operate. The General Assembly has enacted numerous local acts prescribing different formulas for the distribution of profits. Local elections are authorized to permit sales of liquor by the drink by qualified restaurants and clubs. An additional tax of $20 per four liters is levied on liquor purchased by restaurants or clubs for resale as mixed beverages, and $10 of the $20 is paid to the State's General Fund.

Intragovernmental Shared Revenues

The net amount of excise taxes collected by the State on beer, fortified and unfortified wine is shared with counties and municipalities in which the sale of these beverages is lawful. Counties and municipalities where beer and wine are sold receive on a per capita basis an annual distribution equal to the following percentages of the net amount of excise taxes collected on the sale of beer and wine during the 12-month period ending March 31 each year: 20.47 percent of malt beverage tax revenue, 49.44 percent of unfortified wine tax revenue and 18 percent of fortified wine tax revenue. A municipality or a county is eligible to share in both beer and wine excise tax revenues if beer and wine may legally be sold within its boundaries. If only one beverage may be sold at retail in a municipality located in a county in which the sale of such beverage is otherwise prohibited, only the municipality receives a portion of the amount distributed.

The State levies a tax on the gross receipts derived from the sale of electricity at the combined general rate prescribed by statute. The State distributes 44 percent of the net proceeds of such tax to municipalities, less certain administration costs. Each municipalities' share is calculated pursuant to a formula provided by statute.

The State levies a sales tax on the gross receipts derived from providing telecommunications and ancillary services at the statutorily prescribed combined general rate. Each quarter, the State distributes to municipalities 18.7 percent of the net proceeds from that quarter, minus $2,620,948.

The State levies a tax on the gross receipts derived from the sale of piped natural gas at the combined general rate. The State distributes quarterly 20 percent of the net proceeds of such tax to municipalities, less certain administration costs. Each municipalities' share is calculated pursuant to a formula provided by statute, with certain "gas cities" eligible for an increase to their shares provided that certain requirements are met.

All cities and counties receive shares of three State sales taxes on video programming service and telecommunications service revenues pursuant to a formula provided by statute. The revenue to be distributed includes 7.7 percent of the net proceeds of taxes collected on telecommunications and ancillary services, 23.6 percent of the net proceeds of taxes collected on video programming services (other than direct-to-home satellite service), and 37.1 percent of the net proceeds of taxes collected on direct-to-home satellite services. Before the distribution of such net proceeds is made, certain cities or counties may receive supplemental public, educational or governmental access channel ("PEG Channel") support funds from such net proceeds, provided that certain requirements are met.

State and Local Fiscal Relations

The State finances from State revenues (primarily individual income taxes, corporate income taxes and sales taxes) several governmental programs that are largely financed from local revenues in other states, thus decreasing reliance on local property taxes for these purposes. The major programs of this nature are as follows:

Public Schools and Community Colleges - The State provides approximately 70% of the funds required for current operating costs of the public school and community college systems, while county government finances the greater portion of the capital costs of these systems. North Carolina school administrative units do not have independent tax-levying authority. The local share of the costs of the public school and community college systems are raised primarily by county government from its general revenues including the local sales tax revenue.

Court System - The State finances virtually all of the current operating costs of the General Court of Justice. County government is required to provide courthouses, certain jails and related judicial facilities.

Correctional System - The State finances all of the cost of correctional facilities used for confinement of convicted felons and long-term (more than 30 days) misdemeanants. Counties and some municipalities furnish jails for short-term misdemeanants and prisoners awaiting trial.

Highway System - The State finances the entire cost of public roads and highways outside the corporate limits of cities and towns. Counties may voluntarily participate in improvements to public roads and highways. Within cities and towns, the State finances the cost of major thoroughfares and streets connecting elements of the State highway system. Cities share responsibility with the State for State-maintained roads inside city limits and take full responsibility for the remaining public streets within city limits.

Parker Poe

APPENDIX F

July __, 2025

County of Union, North Carolina
Monroe, North Carolina

$____________
County of Union, North Carolina
General Obligation Public Facility Bonds
Series 2025A

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale of $____________ aggregate principal amount of County of Union, North Carolina General Obligation Public Facility Bonds, Series 2025A (the "*Bonds*").

The Bonds are issuable as fully registered obligations and will mature and bear interest at the rates and at the times, all as provided in the resolution adopted by the Board of Commissioners (the "*Board of Commissioners*") of the County of Union, North Carolina (the "*County*") on June 2, 2025 (the "*Bond Resolution*") and the Pricing Certificate, as defined in the Bond Resolution, delivered on the date hereof as authorized by the Bond Resolution.

In connection with the issuance of the Bonds, we have examined the following, and we have assumed the truth and accuracy of the representations, covenants and warranties set forth therein:

a. Certified copies of (i) the bond order authorizing the 2025A Bonds adopted by the Board of Commissioners on May 19, 2025 and effective 30 days after its publication and during which no petition to a vote of the people was filed with the Clerk to the Board of Commissions under Section 159-60 of the General Statutes of North Carolina; and (ii) the Bond Resolution;

b. A specimen Bond; and

c. Such other documents as we deemed relevant and necessary in rendering this opinion.

From such examination we are of the opinion, under existing law, that:

1. The Bonds have been duly authorized under the provisions of the Constitution and laws of the State of North Carolina (the "*State*"), including The Local Government Bond Act, Sections 159-43 *et seq.*, of the General Statutes of North Carolina.

2. The Bonds are legal, valid and binding general obligations of the County.

3. The County has pledged its faith and credit for the payment of the principal of and the interest on the Bonds, and the County is authorized to levy on all real property taxable by the County such *ad valorem* taxes as may be necessary to pay the Bonds and the interest thereon without limitation as to rate or amount.

4. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal individual alternative minimum tax, however, such interest on the Bonds is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "*Code*")) for the purpose of computing the alternative minimum tax imposed on corporations. The opinion set forth in the preceding sentence is subject to the condition that the County comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest on the Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The County has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences related to the ownership of or the receipt, accrual or amount of interest on, the Bonds.

5. The interest on the Bonds is exempt from State of North Carolina income taxation.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, liquidation, readjustment of debt and other similar laws affecting creditors' rights and remedies generally, and by general principles of equity, whether such principles are considered in a proceeding at law or in equity.

Our services as bond counsel in connection with the issuance of the Bonds have been limited to rendering the opinions expressed above based on our review of such proceedings and documents as we deem necessary to approve the validity of the Bonds and the tax status of the interest on the Bonds.

We express no opinion herein as to the adequacy, accuracy or completeness of the Preliminary Official Statement or the Official Statement, or any other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating to the financial resources of the County, or the ability of the County to make the payments required on the Bonds that may have been relied upon by anyone in making the decision to purchase Bonds.

In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certifications, documents, opinions and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing on such public records and certifications, documents, opinions and other proceedings.

The opinions expressed above are given as of the date hereof, and we assume no obligation to revise or supplement such opinions to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully Submitted,

PARKER POE ADAMS & BERNSTEIN LLP

Parker Poe

July __, 2025

County of Union, North Carolina
Monroe, North Carolina

$_____________
County of Union, North Carolina
General Obligation Public Improvement Bonds
Series 2025B

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale of $____________ aggregate principal amount of County of Union, North Carolina General Obligation Public Improvement Bonds, Series 2025B (the "*Bonds*").

The Bonds are issuable as fully registered obligations and will mature and bear interest at the rates and at the times, all as provided in the resolution adopted by the Board of Commissioners (the "*Board of Commissioners*") of the County of Union, North Carolina (the "*County*") on June 2, 2025 (the "*Bond Resolution*") and the Pricing Certificate, as defined in the Bond Resolution, delivered on the date hereof as authorized by the Bond Resolution.

In connection with the issuance of the Bonds, we have examined the following, and we have assumed the truth and accuracy of the representations, covenants and warranties set forth therein:

a. Certified copies of (i) the bond order adopted by the Board of Commissioners on August 1, 2022 and approved by the vote of a majority of the voters who voted thereon at a referendum duly called and held on November 8, 2022; (ii) the bond order adopted by the Board of Commissioners on July 1, 2024 and approved by a vote of a majority of the voters who voted thereon at a referendum duly called and held on November 5, 2024; and (iii) the Bond Resolution;

b. A specimen Bond; and

c. Such other documents as we deemed relevant and necessary in rendering this opinion.

From such examination we are of the opinion, under existing law, that:

1. The Bonds have been duly authorized under the provisions of the Constitution and laws of the State of North Carolina (the "*State*"), including The Local Government Bond Act, Sections 159-43 *et seq.*, of the General Statutes of North Carolina.

2. The Bonds are legal, valid and binding general obligations of the County.

3. The County has pledged its faith and credit for the payment of the principal of and the interest on the Bonds, and the County is authorized to levy on all real property taxable by the County such *ad valorem* taxes as may be necessary to pay the Bonds and the interest thereon without limitation as to rate or amount.

4. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal individual alternative minimum tax, however, such interest on the Bonds is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "*Code*")) for the purpose of computing the alternative minimum tax imposed on corporations. The opinion set forth in the preceding sentence is subject to the condition that the County comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest on the Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The County has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences related to the ownership of or the receipt, accrual or amount of interest on, the Bonds.

5. The interest on the Bonds is exempt from State of North Carolina income taxation.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, liquidation, readjustment of debt and other similar laws affecting creditors' rights and remedies generally, and by general principles of equity, whether such principles are considered in a proceeding at law or in equity.

Our services as bond counsel in connection with the issuance of the Bonds have been limited to rendering the opinions expressed above based on our review of such proceedings and documents as we deem necessary to approve the validity of the Bonds and the tax status of the interest on the Bonds.

We express no opinion herein as to the adequacy, accuracy or completeness of the Preliminary Official Statement or the Official Statement, or any other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating to the financial resources of the County, or the ability of the County to make the payments required on the Bonds that may have been relied upon by anyone in making the decision to purchase Bonds.

In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certifications, documents, opinions and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing on such public records and certifications, documents, opinions and other proceedings.

The opinions expressed above are given as of the date hereof, and we assume no obligation to revise or supplement such opinions to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully Submitted,

PARKER POE ADAMS & BERNSTEIN LLP

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

Beneficial ownership interests in the Bonds will be available only in a book-entry system. The actual purchasers of the Bonds (the “Beneficial Owners”) will not receive physical certificates representing their interests in such Bonds purchased. So long as The Depository Trust Company (the “DTC”), a New York corporation, or its nominee is the registered owner of the Bonds, references in this Official Statement to the registered owners of the Bonds shall mean DTC or its nominee and shall not mean the Beneficial Owners of the Bonds.

The following description of DTC, of procedures and record keeping on beneficial ownership interests in the Bonds, payment of interest and other payments with respect to the Bonds to DTC Participants or to Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Bonds and of other transactions by and between DTC, DTC Participants and Beneficial Owners is based on information furnished by DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s Participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of the Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (the “DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the “Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of

Beneficial Owners. Beneficial Owners will not receive physical certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual identities of the Beneficial Owners of the Bonds; DTC's records reflect only the identities of the Direct Participants to whose accounts the Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants are responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting and voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest and redemption premiums, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the County or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption premiums, if any, is the County's responsibility, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The Commission or the County may decide to discontinue use of the system of book-entry- only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from DTC, and the County takes no responsibility for the accuracy thereof.

The County cannot and does not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners of the Bonds (a) payments of principal of, premium, if any, and interest on the Bonds, (b) confirmations of their ownership interests in the Bonds or (c) redemption or other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

THE COUNTY HAS NO RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OR ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OR ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF, PREMIUM, IF ANY OR INTEREST ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OF THE BONDS UNDER THE TERMS OF THE RESOLUTIONS AUTHORIZING THE ISSUANCE OF THE BONDS; AND (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER.