The University of North Carolina at Greensboro

Greensboro, North Carolina

Financial Statement Audit Report

For the Year Ended June 30, 2024

A Constituent Institution of the University of North Carolina System

UNBIASED. IMPACTFUL. IRREFUTABLE.

A Department of the State of North Carolina

NCOSA Office of the State Auditor

North Carolina Office of the State Auditor
Jessica N. Holmes, J.D., State Auditor

Auditor's Transmittal

The Honorable Roy Cooper, Governor
Honorable Members of the North Carolina General Assembly
Board of Trustees, The University of North Carolina at Greensboro

We have completed a financial statement audit of The University of North Carolina at Greensboro for the year ended June 30, 2024, and our audit results are included in this report. You will note from the independent auditor's report that we determined that the financial statements are presented fairly in all material respects.

The results of our tests disclosed no deficiencies in internal control over financial reporting that we consider to be material weaknesses in relation to our audit scope or any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

North Carolina General Statutes require the State Auditor to make audit reports available to the public. Copies of audit reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.

Jessica N. Holmes, J.D.

Jessica N. Holmes, J.D.
State Auditor

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Chapter 147, Article 5A of the North Carolina General Statutes gives the Auditor broad powers to examine all books, records, files, papers, documents, and financial affairs of every state agency and any organization that receives public funding. The Auditor also has the power to summon people to produce records and to answer questions under oath.

Independent Auditor's Report

North Carolina Office of the State Auditor
Jessica N. Holmes, J.D., State Auditor

Independent Auditor's Report

Board of Trustees
The University of North Carolina at Greensboro
Greensboro, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of The University of North Carolina at Greensboro (University), a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of The University of North Carolina at Greensboro, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of The University of North Carolina at Greensboro Investment Fund, Inc., which represent 13.50 percent and 3.86 percent, respectively, of the assets and revenues of the business-type activities, and 100 percent of the assets and revenues of the fiduciary activities; The UNCG Excellence Foundation, Inc., which represent 13.85 percent and 3.59 percent, respectively, of the assets and revenues of the business-type activities; nor the Capital Facilities Foundation, Inc., which represent 0.80 percent and 0.01 percent, respectively, of the assets and revenues of the business-type activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAGAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The University of North Carolina at Greensboro and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAGAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAGAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Jessica N. Holmes, J.D.

Jessica N. Holmes, J.D.
State Auditor

Raleigh, North Carolina

November 19, 2024

Management's Discussion and Analysis

Introduction

The University of North Carolina at Greensboro (the "University") provides the following management discussion and analysis (MD&A) as an overview of the financial activities for the fiscal year ended June 30, 2024. This discussion, the following financial statements, required supplementary information, and the related notes to the financial statements have been prepared by management and comprise the University's complete financial report.

The University is a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina and an integral part of the State's *Annual Comprehensive Financial Report*. The purpose of the MD&A is to identify significant transactions that have financial impact on the institution and to highlight trends. This discussion and analysis should be read in conjunction with, and is qualified in its entirety by, the related financial statements, required supplementary information, and notes to the financial statements.

For the fiscal year ended June 30, 2024, a change in accounting principle resulting from Governmental Accounting Standards Board (GASB) Implementation Guide 2021-1, Question 5.1, affected the University's reporting of assets below the capitalization thresholds. This change required a restatement of capital asset beginning balances for fiscal year 2024. For information on restated balances, see Note 6, which provides a detailed breakout of Capital Assets, and Note 20, which provides information on the restatement.

Per GASB Statement No. 100, Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62, prior periods presented in the Management's Discussion and Analysis section should not be restated for a change in accounting principle. Therefore, fiscal year 2023 balances were not restated in this section which may affect the comparability between fiscal years.

Using the Financial Report

The following financial statements have been prepared in accordance with GASB principles, which establish standards for external financial reporting for public colleges and universities:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position

The Statement of Fiduciary Net Position includes assets, liabilities, and net position for external pool participants in the University's External Investment Fund that are held in a custodial capacity. The Statement of Changes in Fiduciary Net Position reports the additions and deductions to these custodial funds during the period. See Note 1J for additional information regarding the University's fiduciary activities.

Management's discussion and analysis concentrates on the University's Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position as condensed comparative financial information is not required for fiduciary activities.

Also included are the notes to the financial statements and required supplementary information which are essential to a comprehensive understanding of the financial position of the University. GASB standards require that assets and liabilities be separated into current and noncurrent categories and that financial statements be presented on a consolidated basis to focus on the University's business-type activities as a whole. Blended component units of the University include:

- The UNCG Excellence Foundation, Inc.
- Weatherspoon Art Museum Council
- Capital Facilities Foundation, Inc.
- The University of North Carolina at Greensboro Investment Fund, Inc.

A description of each blended component unit is discussed in Note 1 - Significant Accounting Policies.

Statement of Net Position

The Statement of Net Position is a snapshot of the University's financial position on the last day of the fiscal year and presents assets, liabilities, deferred inflows and deferred outflows of resources, and the resulting net position. The Statement of Net Position is used to determine the extent of assets available for operations, as well as the amount owed to vendors, bondholders, and other creditors.

A condensed Statement of Net Position is reflected in the following table.

Condensed Statement of Net Position

	6/30/2024	6/30/2023	Dollar Change	Percent Change
Assets				
Current Assets	$ 233,398,944	$ 194,658,163	$ 38,740,781	19.9%
Noncurrent Capital Assets,				
Net of Accumlulated Depreciation/Amortization	828,912,648	802,762,172	26,150,476	3.3%
Other Noncurrent Assets	570,674,330	508,931,106	61,743,224	12.1%
Total Assets	1,632,985,922	1,506,351,441	126,634,481	8.4%
Deferred Outflows of Resources				
Deferred Loss on Refunding	3,438,370	3,836,830	(398,460)	(10.4%)
Deferred Outflows Related to Pensions	50,314,142	48,953,936	1,360,206	2.8%
Deferred Outflows Related to OPEB	56,390,283	56,629,148	(238,865)	(0.4%)
Total Deferred Outflows of Resources	110,142,795	109,419,914	722,881	0.7%
Liabilities				
Current Liabilities	57,884,925	61,388,071	(3,503,146)	(5.7%)
Long-Term Liabilities, Net	602,699,185	598,184,519	4,514,666	0.8%
Other Noncurrent Liabilities	3,331,346	6,675,226	(3,343,880)	(50.1%)
Total Liabilities	663,915,456	666,247,816	(2,332,360)	(0.4%)
Deferred Inflows of Resources				
Deferred Gain on Refunding	2,702,881	-	2,702,881	
Deferred Inflows for Irrevocable Split-Interest Agreements	91,552	89,955	1,597	1.8%
Deferred Inflows Related to Pensions	1,888,913	1,926,209	(37,296)	(1.9%)
Deferred Inflows Related to OPEB	84,285,185	117,127,255	(32,842,070)	(28.0%)
Deferred Inflows Related to Leases	1,706,962	1,674,303	32,659	2.0%
Total Deferred Inflows of Resources	90,675,493	120,817,722	(30,142,229)	(24.9%)
Net Position				
Net Investment in Capital Assets	565,629,988	525,561,242	40,068,746	7.6%
Restricted - Nonexpendable	199,145,127	188,883,683	10,261,444	5.4%
Restricted - Expendable	296,135,211	243,355,856	52,779,355	21.7%
Unrestricted	(72,372,558)	(129,094,964)	56,722,406	(43.9%)
Total Net Position	$ 988,537,768	$ 828,705,817	$ 159,831,951	19.3%

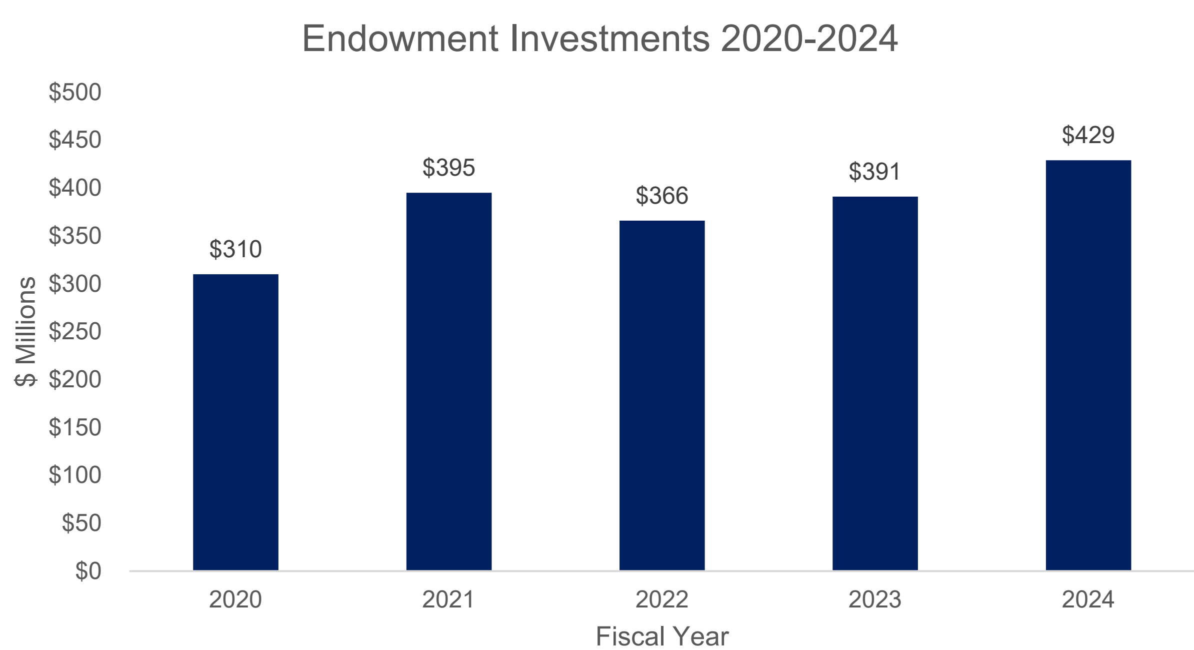
Assets

Total assets of the University increased by $126.6 million over the prior year. This increase is the combination of a $38.7 million increase in current assets and an increase of $87.9 million in noncurrent assets.

Current assets increased due to a $26.1 million increase in cash and cash equivalents (unrestricted and restricted) and a $12.8 million increase in accounts receivable. The increase in cash and cash equivalents (unrestricted and restricted) is primarily due to a general increase from receipt of federal and state funding through contracts and grants, specifically supporting the areas in Research & Engagement, School of Education, and enrollment growth, offset by an investment of funds in U.S. Treasury Bills. The increase in receivables is primarily due to increased federal grant activity and pledged donations.

Noncurrent capital assets (net) increased $26.2 million primarily due to the implementation of GASB Implementation Guide 2021-1 Question 5.1. Refer to the Capital Assets and Debt Administration section below for further details.

Other noncurrent assets increased due to a $7.2 million in restricted cash, $38.2 million increase in endowment investments and a $18.5 million increase other investments. The increase in restricted cash and cash equivalents is primarily due to funds received from the State Capital Infrastructure Fund (SCIF), which will be used for the Jackson Library renovation and various capital construction projects. The increase in endowment investments is primarily due to a substantial increase in unrealized gains on investments due to the increase in the financial market at the end of the fiscal year. The increase in other investments is due to a combination of current year gains and the investment of unrestricted cash in U.S. Treasury Bills as noted above. The change in endowment investments over the last five fiscal years is shown in the graph below.



Liabilities

Total liabilities of the University decreased by $2.3 million as of June 30, 2024. This change reflects a $4.5 million increase in net long-term liabilities while current liabilities decreased by $3.5 million.

Current liabilities decreased by $3.5 million primarily due to the reduction of $12.6 million in unearned revenue related to the University meeting the requirements of the Forward Delivery Bond Purchase Agreement with Morgan Stanley on January 16, 2024, offset by an increase of $5.3 million in accounts payable and accrued liabilities. The increase in accounts payable is related to increased construction activity for the Jackson Library renovation and Campus Water Chiller project. The increase in accrued liabilities is due to recording an additional payroll liability for the UNC System Faculty Realignment Incentive Program for contracts signed at year end.

The net long-term liabilities increased by $4.5 million primarily due to a $19.9 million increase in the net other postemployment employment benefits (OPEB) liability related to GASB Statement No. 75, net of $14.2 million in decreases to bonds payable for refinancing of debt in fiscal year 2024, along with the annual principal payments of pre-existing debt. Refer to the Capital Assets and Debt Administration section for further details on the University's debt refinancing during the fiscal year.

The University has recognized its proportionate share of the State of North Carolina's net OPEB liability for fiscal year 2024. Additional information on the University's OPEB plans is provided in Note 14 of the notes to the financial statements and in the required supplementary information.

The University has also recognized its proportionate share of the State of North Carolina's net pension liability for fiscal year 2024, in accordance with GASB Statement No. 68. The overall net pension liability for the State of North Carolina increased in fiscal year 2024, thus the University's Statement of Net Position reflects a similar increase in net pension liability. Additional information on the University's pension plans is provided in Note 13 of the notes to the financial statements and in the required supplementary information.

Other noncurrent liabilities decreased by $3.3 million primarily due to the University receiving one-time payments for UNC system scholarships and a Guilford County school grant during fiscal year 2023 that were not paid out until fiscal year 2024.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources increased by $723 thousand due to increases in deferred outflows related to pensions which represent the University's contributions to this plan during the fiscal year, the proportionate share of the accumulated difference between projected and actual earnings on OPEB investments, changes in actuarial assumptions, and changes between employer contributions and the proportionate share of contributions for the plan.

Deferred inflows of resources decreased by $30.1 million primarily due to the $32.8 million decrease of deferred inflows related to OPEB which represents the University's proportionate share of the accumulated difference between actual and expected experience, changes in actuarial assumptions, and changes between employer contributions and the proportionate share of contributions for the plan (refer to Note 14 of the notes to the financial statements for details), net of a $2.7 million increase of deferred gain on refunding bond from the issuance of General Revenue Refunding Bonds, Series 2024 in January of 2024.

Net Position

Total net position increased by $159.8 million over the prior year. Net position of the University is comprised of the following four categories:

- Net Investment in Capital Assets
- Restricted Nonexpendable
- Restricted Expendable
- Unrestricted

Net investment in capital assets increased by $40.1 million during fiscal year 2024, primarily due to the GASB Implementation Guide 2021-1, Question 5.1 Grouped Assets and ongoing construction activity.

Restricted nonexpendable net position increased by $10.3 million and represents endowed gifts received and invested during the year.

Restricted expendable net position increased by $52.8 million primarily due to increase in the value of Endowment Investments and commitments on construction projects.

The University's unrestricted net position continues to be significantly affected by reporting changes required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Both GASB statements require the University to recognize its proportionate share of the net position of the State Pension Plan and Retiree Health Benefit Fund (RHBF) as a component of unrestricted net position. The total impact of recognizing the University's share of the State's Pension Plan and Retiree Health Benefit was a $323.1 million decrease in unrestricted net position as of June 30, 2024. Refer to Note 10 - Net Position for additional information.

Unrestricted net position before the recognition of the proportionate share of the State plans was $250.8 million, up $49.4 million over the prior year. This increase is primarily a result of a return of investment into the U.S. Treasury Bills during fiscal year ended 2023 and a decrease of $12.6 million in unearned revenue due to the issuance of the 2024 bonds and recognition of the upfront payment discussed above.

Statement of Revenues, Expenses, and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues earned by the institution, both operating and nonoperating, and the expenses incurred by the institution, operating and nonoperating, and any other revenues earned by the institution.

Operating revenues are earned by providing goods and services to the institution's various constituencies in the process of carrying out the mission of the University. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the University.

Nonoperating revenues are revenues earned for which goods and services are not provided. State appropriations and federal financial aid awards are included as nonoperating revenue in accordance with GASB guidelines even though these revenues are instrumental to the University's mission and operations. Nonoperating expenses are expenses not directly related to the normal operations of the University (e.g., interest expense and other fees on capital asset related debt) and are netted against nonoperating revenues on the Statement of Revenues, Expenses, and Changes in Net Position. Other revenues include capital appropriations, capital contributions, and additions to the principal of permanent and term endowments.

A condensed Statement of Revenues, Expenses, and Changes in Net Position is reflected in the following table.

Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended

	6/30/2024	6/30/2023	Dollar Change	Percent Change
Operating Revenues				
Student Tuition and Fees, Net	$ 96,429,819	$ 92,254,915	$ 4,174,904	4.5%
Grants and Contracts	59,007,070	58,929,192	77,878	0.1%
Sales and Services, Net	54,762,637	55,825,188	(1,062,551)	(1.9%)
Interest Earnings on Loans	67,826	53,040	14,786	27.9%
Other Operating Revenues	1,895,709	2,660,846	(765,137)	(28.8%)
Total Operating Revenues	212,163,061	209,723,181	2,439,880	1.2%
Operating Expenses				
Salaries and Benefits	294,653,858	261,223,663	33,430,195	12.8%
Supplies and Services	95,658,789	93,156,983	2,501,806	2.7%
Scholarships and Fellowships	29,874,508	36,735,838	(6,861,330)	(18.7%)
Utilities	9,769,569	10,064,239	(294,670)	(2.9%)
Depreciation/Amortization	35,961,531	30,817,132	5,144,399	16.7%
Total Operating Expenses	465,918,255	431,997,855	33,920,400	7.9%
Operating Loss	(253,755,194)	(222,274,674)	(31,480,520)	14.2%
Nonoperating Revenues (Expenses)				
State Appropriations	208,723,967	198,793,472	9,930,495	5.0%
Student Financial Aid	65,108,154	57,889,583	7,218,571	12.5%
Federal Aid - COVID-19	531	34,247,852	(34,247,321)	(99.9%)
Noncapital Contributions	13,051,366	7,641,285	5,410,081	70.8%
Investment Income, Net	58,440,442	39,148,212	19,292,230	49.3%
Interest and Fees on Debt	(7,980,888)	(9,660,589)	1,679,701	(17.4%)
Other Nonoperating Revenues (Expenses)	10,577,561	(487,738)	11,065,299	(2268.7%)
Net Nonoperating Revenues	347,921,133	327,572,077	20,349,056	6.2%
Income Before Other Revenues	94,165,939	105,297,403	(11,131,464)	(10.6%)
Other Revenues				
Capital Contributions	22,959,662	5,692,265	17,267,397	303.3%
Additions to Endowments	9,771,316	5,374,004	4,397,312	81.8%
Total Other Revenues	32,730,978	11,066,269	21,664,709	195.8%
Increase in Net Position	126,896,917	116,363,672	10,533,245	9.1%
Net Position - July 1, as restated	861,640,851	712,342,145	149,298,706	21.0%
Net Position - June 30	$ 988,537,768	$ 828,705,817	$ 159,831,951	19.3%
Reconciliation of Changes in Net Position				
Total Revenues	$ 600,796,060	$ 558,509,854	$ 42,286,206	7.6%
Less: Total Expenses	473,899,143	442,146,182	31,752,961	7.2%
Increases in Net Position	$ 126,896,917	$ 116,363,672	$ 10,533,245	9.1%

The Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in net position of $126.9 million at the end of the year. Total revenues for the fiscal year were $600.8 million, an increase of $42.3 million (7.6%) from the prior year. Total expenses were $473.9 million, an increase of $31.8 million (7.2%) from the prior year. Highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Position are as follows:

- Operating revenues increased by $2.4 million primarily due to a $4.2 million (4.5%) increase in net student tuition and fees driven by increasing enrollment, and a $1.1 million (1.9%) decrease in sales and services resulting from the University discontinuing telephone and printing services.

- Overall operating expenses increased by $33.9 million (7.9%) compared to the prior years. This increase is primarily in the salaries and benefits category, $33.4 million (12.8%), due to the change in pension and OPEB expenses provided in Note 13 and 14 of the notes to the financial statements as well as a 4% legislative salary increase. Scholarships and Fellowships decreased by $6.9 million (18.7%) primarily due to the expiration of the Higher Education Emergency Relief Fund (HEERF).

- Net nonoperating revenues increased by $20.3 million (6.2%). The primary driver of this increase is investment gains, net of investment expense, which increased by $19.3 million compared to the prior year due to overall increases in the value of all investments. Overall State appropriations increased by $9.9 million (5.0%) due to the legislative increases and increased state funding, offset by $34.3 million for the discontinuation of the federal aid HEERF program. Lastly, other nonoperating revenues increased by $11.1 million primarily due to the recognition of earned revenue related to the University meeting the requirements of the Forward Delivery Bond Purchase Agreement with Morgan Stanley on January 16, 2024.

- Other revenues for fiscal year 2024 consist of capital contributions and additions to endowments. The University received capital grants of $23.0 million during fiscal year 2024 for various repair and renovation projects across the campus. The University received $9.8 million in endowment gifts during the fiscal year which was an increase of $4.4 million over the prior fiscal year.

Capital Assets and Debt Administration

As of July 1, 2023, the University implemented GASB Implementation Guide 2021-1, Question 5.1, which requires the annual evaluation of aggregate purchases for equipment expensed under the capitalization threshold of $5,000 to be capitalized as grouped assets if deemed significant to the University. In accordance with *GASB Statement No. 100, Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*, this change in accounting principle resulted in a restatement to beginning net position for $29.7 million as reflected in Note 20 - Net Position Restatements.

During fiscal year 2024, the Steam Distribution System Replacement Phase IVB was completed and capitalized. Major projects included in construction in progress consist of $4 million for the Jackson Library renovation project, $4.3 million for the Campus Water Chiller, and $1 million for the Jeanne Tannenbaum Center for Creative Practice.

As of July 1, 2023, the University implemented a preferred accounting principle for calculating bond premiums. The change to the effective interest rate to maturity method will improve the accuracy of financial reporting under GASB Statement No. 62. In accordance with *GASB*

Statement No. 100, Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62, this change in accounting principle resulted in a restatement to beginning net position for $3.2 million as reflected in Note 20 - Net Position Restatements.

On January 16, 2024, the University issued $77.4 million in direct placement General Revenue Refunding Bonds, Series 2024 with an average interest rate of 2.71%. The bonds were issued for a current refunding of $77.4 million of outstanding General Revenue Bonds, Series 2014 with an average interest rate of 4.89%. The refunding was undertaken to reduce total debt service payments by $1.1 million over the next 15 years and resulted in an economic gain of $1.0 million.

On October 24, 2024, the University issued $15.2 million in Series 2024B general revenue refunding bond for the current refunding of $15 million of outstanding general revenue 2014 bonds series to reduce total debt service payments by $594 thousand over the next 15 years and resulted in an economic gain of $464 thousand.

For additional information concerning Capital Assets and Debt Administration, see Notes 6, 8, and 21 in the notes to the financial statements.

Economic and Strategic Outlook

For the Fall of 2024, the University experienced a 1.5% increase in enrollment, reversing the prior year's decline of 1.3%. This marks the highest level of student enrollment since 2021 and is a testament to the concerted efforts of faculty and staff in stabilizing enrollment figures. Student credit hours, which are a key determinant of state enrollment funding, saw a corresponding increase of 1.6%. However, given the potential effects of the UNC System's Performance Funding Model that determines funding allocation to the universities, the University may face some fiscal uncertainty, necessitating careful monitoring and a conservative budgeting approach. The University's ongoing dedication to promoting student access, support, and success continues to yield positive results, particularly in retention, as well as graduate and transfer enrollments.

The University has made notable strides in strengthening transfer partnerships with community colleges, improving the articulation of transfer credits, and ensuring a smooth transfer process for students. This fall, 1,793 transfer students were enrolled (a 10.2% increase over the previous year) while new graduate enrollments rose by 5%, and applications to the graduate school surpassed 5,000 for the first time in the University's history.

Over the past five years, the University has been focusing on cost containment strategies to mitigate the impact of significant enrollment declines. The University completed an Academic Portfolio Review that evaluated the range of programs offered to ensure they meet the needs of students and employers, alongside a companion review of administrative efficiency. These initiatives are expected to deliver substantial cost containment and avoidance benefits in the coming years. The University remains committed to investing in transformative initiatives that enhance student success and enrich the academic experience, all while continuing to recruit and graduate a diverse student body, including those historically underserved in higher education.

The University will continue to strengthen its research infrastructure, supporting faculty scholarship, fostering a vibrant scholarly environment, and generating significant community impact. Through these strategic investments and commitments, the University aims to remain a national leader in creating opportunities that blend academic excellence with transformative outcomes, advancing social mobility for students and contributing to the long-term prosperity of the state and region.

Financial Statements

The University of North Carolina at Greensboro
Statement of Net Position
Proprietary Fund
June 30, 2024

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 131,622,682
Restricted Cash and Cash Equivalents	46,629,335
Short-Term Investments	628,182
Restricted Short-Term Investments	9,918,452
Receivables, Net (Note 5)	42,864,581
Inventories	651,373
Notes Receivable, Net (Note 5)	218,302
Leases Receivable (Note 9)	449,146
Prepaid Assets	416,891
Total Current Assets	233,398,944
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	41,182,206
Pledges Receivables	45,033
Endowment Investments	428,946,901
Other Investments	98,613,840
Notes Receivable, Net (Note 5)	576,659
Leases Receivable (Note 9)	1,309,691
Capital Assets - Nondepreciable (Note 6)	92,117,199
Capital Assets - Depreciable, Net (Note 6)	736,795,449
Total Noncurrent Assets	1,399,586,978
Total Assets	1,632,985,922
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Loss on Refunding	3,438,370
Deferred Outflows Related to Pensions	50,314,142
Deferred Outflows Related to Other Postemployment Benefits (Note 14)	56,390,283
Total Deferred Outflows of Resources	110,142,795
LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Liabilities (Note 7)	21,190,123
Deposits Payable	710,910
Funds Held for Others	1,471,661
Unearned Revenue	10,631,706
Interest Payable	2,695,389
Long-Term Liabilities - Current Portion (Note 8)	21,185,136
Total Current Liabilities	57,884,925

Noncurrent Liabilities:	
Accounts Payable and Accrued Liabilities (Note 7)	313,341
Funds Held for Others	1,262,245
U.S. Government Grants Refundable	1,755,760
Long-Term Liabilities, Net (Note 8)	602,699,185
Total Noncurrent Liabilities	606,030,531
Total Liabilities	663,915,456
DEFERRED INFLOWS OF RESOURCES	
Deferred Gain on Refunding	2,702,881
Deferred Inflows for Irrevocable Split-Interest Agreements	91,552
Deferred Inflows Related to Pensions	1,888,913
Deferred Inflows Related to Other Postemployment Benefits (Note 14)	84,285,185
Deferred Inflows for Leases	1,706,962
Total Deferred Inflows of Resources	90,675,493
NET POSITION	
Net Investment in Capital Assets	565,629,988
Restricted:	
Nonexpendable:	
True Endowments	188,139,010
Student Loans and Other	11,006,117
Total Restricted-Nonexpendable Net Position	199,145,127
Expendable:	
Scholarships, Research, Instruction, and Other	252,289,875
Capital Projects	43,845,336
Total Restricted-Expendable Net Position	296,135,211
Unrestricted	(72,372,558)
Total Net Position	$ 988,537,768

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

The University of North Carolina at Greensboro
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2024 — *Exhibit A-2*

OPERATING REVENUES		
Student Tuition and Fees, Net (Note 11)	$	96,429,819
Federal Grants and Contracts		48,079,176
State and Local Grants and Contracts		7,026,238
Nongovernmental Grants and Contracts		3,901,656
Sales and Services, Net (Note 11)		54,762,637
Interest Earnings on Loans		67,826
Other Operating Revenues		1,895,709
Total Operating Revenues		212,163,061
OPERATING EXPENSES		
Salaries and Benefits		294,653,858
Supplies and Services		95,658,789
Scholarships and Fellowships		29,874,508
Utilities		9,769,569
Depreciation/Amortization		35,961,531
Total Operating Expenses		465,918,255
Operating Loss		(253,755,194)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations		208,723,967
Student Financial Aid		65,108,154
Federal Aid - COVID-19		531
Noncapital Contributions		13,051,366
Investment Income (Net of Investment Expense of $1,772,921)		58,440,442
Interest and Fees on Debt		(7,980,888)
Other Nonoperating Revenues		10,577,561
Net Nonoperating Revenues		347,921,133
Income Before Other Revenues		94,165,939
Capital Contributions		22,959,662
Additions to Endowments		9,771,316
Total Other Revenues		32,730,978
Increase in Net Position		126,896,917
NET POSITION		
Net Position - July 1, 2023, as Restated (Note 20)		861,640,851
Net Position - June 30, 2024	$	988,537,768

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

The University of North Carolina at Greensboro
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from Customers	$ 199,593,249
Payments to Employees and Fringe Benefits	(300,387,111)
Payments to Vendors and Suppliers	(103,922,502)
Payments for Scholarships and Fellowships	(29,874,508)
Loans Issued	(624,599)
Collection of Loans	903,333
Interest Earned on Loans	67,826
William D. Ford Direct Lending Receipts	72,699,955
William D. Ford Direct Lending Disbursements	(72,699,955)
Related Activity Agency Receipts	1,437,858
Related Activity Agency Disbursements	(3,310,885)
Other Receipts	2,247,392
Net Cash Used by Operating Activities	(233,869,947)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	208,723,967
Student Financial Aid	64,820,721
Federal Aid - COVID-19	531
Noncapital Contributions	12,712,807
Additions to Endowments	9,771,316
Receipts from Annuities and Life Income Payable Under Split-Interest Agreements	52,645
Payments for Annuities and Life Income Payable Under Split-Interest Agreements	(181,341)
Net Cash Provided by Noncapital Financing Activities	295,900,646
CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES	
Capital Contributions	22,095,870
Proceeds from Sale of Capital Assets	18,989
Proceeds from Lease Arrangements	441,779
Acquisition and Construction of Capital Assets	(21,067,235)
Principal Paid on Capital Debt and Lease/Subscription Liabilities	(17,001,773)
Interest and Fees Paid on Capital Debt and Lease/Subscription Liabilities	(13,921,140)
Net Cash Used by Capital Financing and Related Financing Activities	(29,433,510)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	85,106,521
Investment Income	10,526,727
Purchase of Investments and Related Fees	(94,891,457)
Net Cash Provided by Investing Activities	741,791
Net Increase in Cash and Cash Equivalents	33,338,980
Cash and Cash Equivalents - July 1, 2023	186,095,243
Cash and Cash Equivalents - June 30, 2024	$ 219,434,223

The University of North Carolina at Greensboro
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2024

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss	$	(253,755,194)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation/Amortization Expense		35,961,531
Lease Income (Amortized Deferred Inflows of Resources)		(466,142)
Allowances, Write-Offs, and Amortizations		203,497
Other Nonoperating Income		13,494,174
Changes in Assets and Deferred Outflows of Resources:		
Receivables, Net		(11,148,107)
Inventories		(15,579)
Notes Receivable, Net		215,218
Deferred Outflows Related to Pensions		(1,360,206)
Deferred Outflows Related to Other Postemployment Benefits		238,865
Changes in Liabilities and Deferred Inflows of Resources:		
Accounts Payable and Accrued Liabilities		3,298,469
Funds Held for Others		(1,873,027)
Unearned Revenue		(12,251,700)
Net Pension Liability		6,717,132
Net Other Postemployment Benefits Liability		20,270,137
Compensated Absences		(90,792)
Deposits Payable		(22,800)
Workers' Compensation Liability		(406,057)
Deferred Inflows Related to Pensions		(37,296)
Deferred Inflows Related to Other Postemployment Benefits		(32,842,070)
Net Cash Used by Operating Activities	$	(233,869,947)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through the Assumption of a Liability	$	15,096,062
Assets Acquired through a Gift		863,792
Change in Fair Value of Investments		53,016,634
Loss on Disposal of Capital Assets		(2,916,613)
Lease and SBITA Terminations		(1,108,493)
Amortization of Bond Premiums		(5,936,619)
Amortization of Deferred Gain on Refunding		299,058
Amortization of Deferred Loss on Refunding		(398,460)
Deferred Economic Gain on Refunding		2,931,939
Increase in Receivables Related to Nonoperating Revenues		2,300,166
Decrease in Net Other Postemployment Benefits Liability Related to Noncapital Contributions		(340,156)
Funds Escrowed to Defease Debt		77,385,000

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

The University of North Carolina at Greensboro
Statement of Fiduciary Net Position
Fiduciary Fund - Custodial Funds
June 30, 2024 ***Exhibit B-1***

		External Investment Pool Funds
ASSETS		
Investments (Note 2):		
Pooled Investment Funds	$	782,805
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources		-
LIABILITIES		
Total Liabilities		-
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources		-
NET POSITION		
Restricted for:		
Pool Participants		782,805
Total Fiduciary Net Position	$	782,805

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

The University of North Carolina at Greensboro
Statement of Changes in Fiduciary Net Position
Fiduciary Fund - Custodial Funds
For the Fiscal Year Ended June 30, 2024 — *Exhibit B-2*

		External Investment Pool Funds
ADDITIONS		
Investment Activity:		
Investment Income	$	85,279
Investment Expenses		(3,112)
Net Investment Income		82,167
DEDUCTIONS		
Withdrawals and Distributions		31,173
Increase in Fiduciary Net Position		50,994
NET POSITION		
Net Position - July 1, 2023		731,811
Net Position - June 30, 2024	$	782,805

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

Notes to the Financial Statements

Note 1 - Significant Accounting Policies

A. Financial Reporting Entity - The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. The University of North Carolina at Greensboro (University) is a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina and an integral part of the State's *Annual Comprehensive Financial Report*.

The accompanying financial statements present all funds belonging to the University and its component units. While the Board of Governors of the University of North Carolina System has ultimate responsibility, the Chancellor, the Board of Trustees, and the Board of Trustees of the Endowment Fund have delegated responsibilities for financial accountability of the University's funds. The University's component units are blended in the University's financial statements. See below for further discussion of the University's component units. Other related foundations and similar nonprofit corporations for which the University is not financially accountable are not part of the accompanying financial statements.

Blended Component Units - Although legally separate, the following component units of the University are reported as if they were part of the University: The UNCG Excellence Foundation, Inc.; the Weatherspoon Art Museum Council; the Capital Facilities Foundation, Inc.; and The University of North Carolina at Greensboro Investment Fund, Inc.

The UNCG Excellence Foundation, Inc. is governed by a 27-member board consisting of two ex officio directors and 25 appointed directors. The Foundation's purpose is to aid, support, and promote teaching, research, and service in the various educational, scientific, scholarly, professional, artistic, and creative endeavors of the University. Because the elected directors of the Foundation are appointed by the members of The University of North Carolina at Greensboro Board of Trustees and the Foundation's sole purpose is to benefit The University of North Carolina at Greensboro as long as The University of North Carolina at Greensboro qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1954 (or corresponding provisions of any future United States Internal Revenue law), its financial statements have been blended with those of the University.

The Weatherspoon Art Museum Council is governed by a 27-member board consisting of four ex officio directors and 23 appointed directors. The Foundation's purpose is to acquire by gift, purchase, lease, loan, or other means of conveyance works of art and to maintain and enhance the arts collection teaching, research, and public services purposes exclusively for the use and benefit of The University of North Carolina at Greensboro. Because the directors of the Foundation are appointed by the members of The University of North Carolina at Greensboro Board of Trustees and the Foundation's sole purpose is to benefit The University of North Carolina at Greensboro, its financial statements have been blended with those of the University.

The Capital Facilities Foundation, Inc. is governed by a nine-member board consisting of five ex officio directors and four appointed directors. The Foundation's purpose is to enhance the University's educational mission through assisting with the acquisition, development, financing, construction, management, and operation of capital assets for the University. Because the directors of the Foundation are appointed by the members of The University of North Carolina at Greensboro Board of Trustees and the Foundation's sole purpose is to benefit The University of North Carolina at Greensboro, its financial statements have been blended with those of the University.

The University of North Carolina at Greensboro Investment Fund, Inc. (The Fund) was formed to consolidate the endowment pool investments of The Endowment Fund of The University of North Carolina at Greensboro, the blended component units of the University, and certain affiliated entities and is classified as a governmental external investment pool. The Fund is the fiscal agent for the pool, and all units of the pool are owned by internal and external participants. The internal participants of the pool are The Endowment Fund of The University of North Carolina at Greensboro and The UNCG Excellence Foundation, Inc. The external participant of the pool is The Associated Campus Ministries of The University of North Carolina at Greensboro. The Fund is governed by a 10-member board consisting of five ex officio directors and five appointed directors. The Fund's purpose is to support the University by operating an investment fund for charitable, nonprofit foundations, associations, trusts, endowments, and funds that are organized and operated primarily to support the University. The Fund is a governmental external investment pool. Because the directors of The Fund are appointed by the members of The University of North Carolina at Greensboro Board of Trustees and The Fund's primary purpose is to benefit The University of North Carolina at Greensboro, its financial statements have been blended with those of the University.

An electronic version of the separate financial statements for the Foundations and The Fund is available by accessing the UNCG Foundation Finance home page (https://sac.uncg.edu/) and clicking on "Audit Reports", or by calling (336) 256-0402.

Condensed combining information regarding blended component units is provided in Note 18.

B. Basis of Presentation - The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities,* and GASB Statement No. 84, *Fiduciary Activities*, require the presentation of both proprietary and fiduciary fund financial statements. See below for a description of each fund.

Proprietary Fund - This fund accounts for the University's primary activities and is presented in a single column on the accompanying proprietary fund financial statements.

Fiduciary Fund - This fund accounts for all of the University's fiduciary activities, which are considered custodial funds. These resources are held by the University in a purely custodial capacity on behalf of individuals, affiliated organizations, and other external parties. Custodial funds include the external portion of an investment pool sponsored by The Associated Campus Ministries of The University of North Carolina at Greensboro.

C. **Basis of Accounting** - The financial statements of the University have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows.

Nonexchange transactions, in which the University receives (or gives) value without directly giving (or receiving) equal value in exchange, include state appropriations, certain grants, and donations. Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection.

D. **Cash and Cash Equivalents** - This classification includes undeposited receipts, petty cash, cash on deposit with private bank accounts, cash on deposit with fiscal agents, and deposits held by the State Treasurer in the Short-Term Investment Fund (STIF). The STIF maintained by the State Treasurer has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty.

E. **Investments** - To the extent available, investments are recorded at fair value based on quoted market prices in active markets on a trade-date basis. Investments in partnerships are stated at net asset value based on the fair value of the partnership's assets. Fair value of the partnership investments is based upon the General Partner's best judgement in estimating the fair value of these investments. Additional information regarding the fair value measurement of investments is disclosed in Note 3. Because of the inherent uncertainty in the use of estimates, values that are based on estimates may differ from the values that would have been used had a ready market existed for the investments. The net change in the value of investments is recognized as a component of investment income.

Endowment investments include the principal amount of gifts and bequests that, according to donor restrictions, must be held in perpetuity or for a specified period of time, along with any accumulated investment earnings on such amounts. Further, endowment investments also include amounts internally designated by the University for investment in an endowment capacity (i.e., quasi-endowments), along with accumulated investment earnings on such amounts. Land and other real estate held as investments by endowments are reported at fair value, consistent with how investments are generally reported.

F. **Receivables** - Receivables consist of tuition and fees charged to students and charges for auxiliary enterprises' sales and services. Receivables also include amounts due from the federal government, state and local governments, private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants, pledges that are verifiable, measurable, and expected to be collected and available for expenditures for which the resource provider's conditions have been satisfied, and accrued interest receivable from student loans. Receivables are recorded net of estimated uncollectible amounts.

G. **Inventories** - Inventories, consisting of expendable supplies and merchandise for resale, are valued at cost using the last invoice cost method.

H. Capital Assets - Capital assets are stated at cost at date of acquisition or acquisition value at date of donation in the case of gifts. Donated capital assets acquired prior to July 1, 2015 are stated at fair value as of the date of donation. The value of assets constructed includes all material direct and indirect construction costs.

The University capitalizes assets that have a value or cost of $5,000 or greater at the date of acquisition and an estimated useful life of more than one year. In addition, grouped acquisitions of machinery and equipment that have an estimated useful life of more than one year but are individually below the $5,000 threshold are capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets in the following manner:

Asset Class	Estimated Useful Life
Buildings	25-50 years
Machinery and Equipment	2-20 years
General Infrastructure	25-50 years

Right-to-use leased and subscription assets are recorded at the present value of payments expected to be made during the lease or subscription term, plus any upfront payments and ancillary charges paid to place the underlying right-to-use asset into service. Lease liabilities are capitalized as a right-to-use asset when the underlying leased asset has a cost of $5,000 or greater and an estimated useful life of more than one year. Subscription liabilities are capitalized as a right-to-use asset when the underlying subscription asset has a cost of $35,000 or greater and an estimated useful life of more than one year.

Amortization for right-to-use leased and subscription assets is computed using the straight-line method over the shorter of the lease/subscription term or the underlying asset's estimated useful life. If a lease agreement contains a purchase option the University is reasonably certain will be exercised, the right-to-use leased asset is amortized over the asset's estimated useful life.

I. Restricted Assets - Certain resources are reported as restricted assets because restrictions on asset use change the nature or normal understanding of the availability of the asset. Resources that are not available for current operations and are reported as restricted include resources restricted for the acquisition or construction of capital assets, resources legally segregated for the payment of principal and interest as required by debt covenants and endowment and other restricted investments.

J. Accounting and Reporting of Fiduciary Activities - Pursuant to the provisions of GASB Statement No. 84, *Fiduciary Activities*, custodial funds that are normally expected to be received and disbursed within a 3-month period or otherwise do not meet the fiduciary activity criteria defined by GASB Statement No. 84 continue to be reported in the Statement of Net Position as funds held for others and as operating activities in the Statement of Cash Flows.

All trust or custodial funds meeting the criteria of a fiduciary activity are reported in separate fiduciary fund financial statements.

K. Noncurrent Long-Term Liabilities - Noncurrent long-term liabilities include principal amounts of long-term debt and other long-term liabilities that will not be paid within the next fiscal year. Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Long-term debt includes: revenue bonds payable, bonds from direct placements, and a note from direct borrowing. Other long-term liabilities include: annuities and life income payable, lease liabilities, subscription liabilities, compensated absences, net pension liability, net other postemployment benefits (OPEB) liability, and workers' compensation.

Revenue bonds payable are reported net of unamortized premiums. The University amortizes bond premiums over the life of the bonds using the effective interest to maturity method. Deferred gains and losses on refundings are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method, and are aggregated as deferred outflows of resources or deferred inflows of resources on the Statement of Net Position. Issuance costs are expensed in the reporting period in which they are incurred.

The net pension liability represents the University's proportionate share of the collective net pension liability reported in the State of North Carolina's 2023 *Annual Comprehensive Financial Report.* This liability represents the University's portion of the collective total pension liability less the fiduciary net position of the Teachers' and State Employees' Retirement System. See Note 13 for further information regarding the University's policies for recognizing liabilities, expenses, deferred outflows of resources, and deferred inflows of resources related to pensions.

The net OPEB liability represents the University's proportionate share of the collective net OPEB liability reported in the State of North Carolina's 2023 *Annual Comprehensive Financial Report.* This liability represents the University's portion of the collective total OPEB liability less the fiduciary net position of the Retiree Health Benefit Fund and Disability Income Plan of North Carolina. See Note 14 for further information regarding the University's policies for recognizing liabilities, expenses, deferred outflows of resources, and deferred inflows of resources related to OPEB.

L. **Compensated Absences** - The University's policy is to record the cost of vacation leave when earned. The policy provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward each January 1 or for which an employee can be paid upon termination of employment. When classifying compensated absences into current and noncurrent, leave is considered taken using a last-in, first-out (LIFO) method. Also, any accumulated vacation leave in excess of 30 days at year-end is converted to sick leave. Under this policy, the accumulated vacation leave for each employee at June 30 equals the leave carried forward at the previous December 31 plus the leave earned, less the leave taken between January 1 and June 30.

In addition to the vacation leave described above, compensated absences include the accumulated unused portion of the special annual leave bonuses awarded by the North Carolina General Assembly. The bonus leave balance on December 31 is retained by employees and transferred into the next calendar year. It is not subject to the limitation on annual leave carried forward described above and is not subject to conversion to sick leave.

There is no liability for unpaid accumulated sick leave because the University has no obligation to pay sick leave upon termination or retirement. However, additional service credit for retirement pension benefits is given for accumulated sick leave upon retirement.

M. **Deferred Outflows/Inflows of Resources** - Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

N. Net Position - The University's net position is classified as follows:

Proprietary Fund

Net Investment in Capital Assets - This represents the University's total investment in capital assets, net of outstanding liabilities related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. Additionally, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of capital assets or related debt are also included in this component of net position.

Restricted Net Position - Nonexpendable - Nonexpendable restricted net position includes endowments and similar type assets whose use is limited by donors or other outside sources, and, as a condition of the gift, the principal is to be maintained in perpetuity.

Restricted Net Position - Expendable - Expendable restricted net position includes resources for which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted Net Position - Unrestricted net position includes resources derived from student tuition and fees, sales and services, unrestricted gifts, royalties, and interest income. It also includes the net position of accrued employee benefits such as compensated absences, workers' compensation, pension plans, and other postemployment benefits.

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for funding is transactional based within the departmental management system in place at the University. For projects funded by tax-exempt debt proceeds and other sources, the debt proceeds are always used first. Both restricted and unrestricted net position include consideration of deferred outflows of resources and deferred inflows of resources. See Note 10 for further information regarding deferred outflows of resources and deferred inflows of resources that had a significant effect on unrestricted net position.

Fiduciary Fund

Restricted Net Position - Fiduciary net position includes resources held in a custodial capacity for external pool participants in the University's External Investment Fund, that are not available for alternative use by the University.

O. Scholarship Discounts - Student tuition and fees revenues and certain other revenues from University charges are reported net of scholarship discounts in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. The scholarship discount is the difference between the actual charge for goods and services provided by the University and the amount that is paid by students or by third parties on the students' behalf. Student financial assistance grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the University has recorded a scholarship discount.

P. **Revenue and Expense Recognition** - The University classifies its revenues and expenses as operating or nonoperating in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the University's principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions, such as (1) student tuition and fees, (2) sales and services of auxiliary enterprises, (3) certain federal, state, and local grants and contracts that are essentially contracts for services, and (4) interest earned on loans. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions. Revenues from nonexchange transactions that represent subsidies or gifts to the University, as well as investment income, are considered nonoperating since these are either investing, capital, or noncapital financing activities. Capital contributions are presented separately after nonoperating revenues and expenses.

Q. **Internal Sales Activities** - Certain institutional auxiliary operations provide goods and services to University departments, as well as to its customers. These institutional auxiliary operations include activities such as the Fuel Depot, Postal Operations, and Telecommunication Services. In addition, the University has other miscellaneous sales and service units that operated either on a reimbursement or charge basis. All internal sales activities to University departments from auxiliary operations and sales and service units have been eliminated in the accompanying financial statements. These eliminations are recorded by removing the revenue and expense in the auxiliary operations and sales and service units and, if significant, allocating any residual balances to those departments receiving the goods and services during the year.

Note 2 - Deposits and Investments

A. **Deposits** - Unless specifically exempt, the University is required by North Carolina General Statute 147-77 to deposit moneys received with the State Treasurer or with a depository institution in the name of the State Treasurer. However, the University of North Carolina Board of Governors, pursuant to G.S. 116-36.1, may authorize the University to deposit its institutional trust funds in interest-bearing accounts and other investments authorized by the Board of Governors, without regard to any statute or rule of law relating to the investment of funds by fiduciaries. Although specifically exempted, the University may voluntarily deposit institutional trust funds, endowment funds, special funds, revenue bond proceeds, debt service funds, and funds received for services rendered by health care professionals with the State Treasurer. Special funds consist of moneys for intercollegiate athletics and agency funds held directly by the University.

At June 30, 2024, the amount shown on the Statement of Net Position as cash and cash equivalents includes $208,756,054, which represents the University's equity position in the State Treasurer's Short-Term Investment Fund (STIF). The STIF (a portfolio within the State Treasurer's Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission or subject to any other regulatory oversight and does not have a credit rating) had a weighted average maturity of 1.4 years as of June 30, 2024. Assets and shares of the STIF are valued at fair value. Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's STIF) are included in the North Carolina Department of State Treasurer Investment Programs' separately issued audit report. This separately issued report can be obtained from the Department of State Treasurer, 3200 Atlantic Avenue, Raleigh, NC 27604 or can be accessed from the Department of State Treasurer's website at https://www.nctreasurer.com/ in the Audited Financial Statements section.

Cash on hand at June 30, 2024 was $87,890. The carrying amount of the University's deposits not with the State Treasurer was $10,590,279, and the bank balance was $10,584,356. Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University does not have a deposit policy for custodial credit risk. As of June 30, 2024, $9,409,344 of the University's bank balance was exposed to custodial credit risk as uninsured and uncollateralized.

B. Investments - The University is authorized by the University of North Carolina Board of Governors pursuant to G.S. 116-36.2 and Section 600.2.4 of the Policy Manual of the University of North Carolina to invest its special funds and funds received for services rendered by health care professionals in the same manner as the State Treasurer is required to invest, as discussed below.

Additionally, the University has also been delegated authority by the President of the University of North Carolina pursuant to G.S. 116-36.1 and Section 600.2.4.1 of the Policy Manual of the University of North Carolina to invest its trust funds in the same manner as the State Treasurer is required to invest, as discussed below.

G.S. 147-69.1(c), applicable to the State's General Fund, and G.S. 147-69.2, applicable to institutional trust funds, authorize the State Treasurer to invest in the following: obligations of or fully guaranteed by the United States; obligations of certain federal agencies; repurchase agreements; obligations of the State of North Carolina; certificates of deposit and other deposit accounts of specified financial institutions; prime quality commercial paper; asset-backed securities with specified ratings, specified bills of exchange or time drafts, and corporate bonds/notes with specified ratings; general obligations of other states; general obligations of North Carolina local governments; and obligations of certain entities with specified ratings.

In accordance with the bond resolutions, bond proceeds and debt service funds are invested in obligations that will by their terms mature on or before the date funds are expected to be required for expenditure or withdrawal.

G.S. 116-36(e) provides that the trustees of the Endowment Fund shall be responsible for the prudent investment of the Fund in the exercise of their sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries but in compliance with any lawful condition placed by the donor upon that part of the Endowment Fund to be invested.

Investments of The UNCG Excellence Foundation, Inc. and The University of North Carolina at Greensboro Investment Fund, Inc. are subject to and restricted by G.S. 36E Uniform Prudent Management of Institutional Funds Act (UPMIFA) and any requirements placed on them by contract or donor agreements.

Investments from various donors or other sources may be pooled unless prohibited by statute or by terms of the gift or contract. The University utilizes investment pools to manage investments and distribute investment income.

Investments are subject to the following risks as defined by GASB Statement No. 40, *Deposit and Investment Risk Disclosures - An Amendment of GASB Statement No. 3.*

Interest Rate Risk: Interest rate risk is the risk the University may face should interest rate variances affect the value of investments. The University's formal policy limits some fixed income holdings to those that have a high quality rating (AA/Aa or better) and those with sufficient duration (four years or more) to provide effective protection in a deflationary environment.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's formal policy limits some fixed income holdings to those that have a high quality rating (AA/Aa or better) and those with sufficient duration (four years or more) to provide effective protection in a deflationary environment.

External Investment Pool - The University of North Carolina at Greensboro Investment Fund, Inc., an External Investment Pool sponsored by the University, was established on July 1, 1992. The Pool is utilized to manage the investments for charitable, nonprofit organizations, associations, trusts, endowments, and funds that are organized and operated primarily to support the University. Endowment funds of the University, as well as those of The UNCG Excellence Foundation, Inc., represent the Pool's internal participants. The Associated Campus Ministries of The University of North Carolina at Greensboro is not included in the University's reporting entity and represents the Pool's external participant. Fund ownership of the Pool is measured using the unit market value method. Under this method, each participating fund's investment balance is determined based on the number of units of ownership purchased when joining the Pool. Thereafter, the pooled assets are valued monthly, and a new market value is determined. The external portion of the Pool is presented in the accompanying fiduciary fund financial statements

The External Investment Pool is not registered with the SEC and is not subject to any formal oversight other than that provided by the Board of Directors. The Board is responsible for adopting investment objectives and policies, for hiring investment advisors, and for monitoring policy implementation and investment performance. As of September 1, 2013, the Board along with Cambridge Associates Resources, LLC, created a limited partnership, UNCG Endowment Partners, LP. As part of the agreement, Cambridge is the General Partner and The University of North Carolina at Greensboro Investment Fund, Inc. is the Limited Partner. The University of North Carolina at Greensboro Investment Fund, Inc. contributed its investment portfolio in exchange for its interest in UNCG Endowment Partners, LP. The Board's primary role is to adopt investment objectives and policies and monitor the policy implementation and investment performance.

Cambridge Associates Resources, LLC serves as the outsourced chief investment officer for the Pool and provides the University with monthly statements defining income and fair value information, which is then allocated among the fund's participants. There are no involuntary participants in the Pool. The University has not provided or obtained any legally binding guarantees during the period to support the value for the Pool's investments. The annual financial report for the External Investment Pool may be obtained from the Finance and Administration Office, 840 Neal Street, Greensboro, NC 27403, or by calling (336) 256-0402.

The following tables in this section present the University's External Investment Pool in total, including both proprietary and fiduciary funds. See Note 2C below for further details regarding investments by fund type within the External Investment Pool.

The following table presents investments by type and investments subject to interest rate risk at June 30, 2024, for the External Investment Pool.

External Investment Pool

	Amount
Investment Type	
Partnerships:	
UNCG Endowment Partners, LP	$ 429,934,216

Non-Pooled Investments - The following table presents investments by type and investments subject to interest rate risk at June 30, 2024, for the University's non-pooled investments.

Non-Pooled Investments

		Investment Maturities (in Years)		
	Amount	Less Than 1	1 to 5	6 to 10
Investment Type				
Debt Securities				
U.S. Treasuries	$ 97,874,840	$ 97,874,840	$ -	$ -
Mutual Bond Funds	2,168,832	-	143,757	2,025,075
Total Debt Securities	100,043,672	$ 97,874,840	$ 143,757	$ 2,025,075
Other Securities				
Mutual Funds	4,563,439			
Corporate Securities:				
Common Stocks	3,609,853			
Investments in Real Estate	739,000			
Total Non-Pooled Investments	$ 108,955,964			

At June 30, 2024, the University's non-pooled investments had the following credit quality distribution for securities with credit exposure:

	Amount	AA Aa	BBB Baa	BB/Ba and below
Mutual Bond Funds	$ 2,168,832	$ 1,669,475	$ 355,600	$ 143,757

Rating Agency: Standard & Poor's and Moody's Rating Services

Total Investments - The following table presents the total investments at June 30, 2024:

	Amount
Investment Type	
Debt Securities	
U.S. Treasuries	$ 97,874,840
Mutual Bond Funds	2,168,832
Other Securities	
Mutual Funds	4,563,439
Corporate Securities:	
Common Stocks	3,609,853
Investments in Real Estate	739,000
Partnerships:	
UNCG Endowment Partners, LP	429,934,216
Total Investments	$ 538,890,180

C. Reconciliation of Deposits and Investments - A reconciliation of deposits and investments for the University as of June 30, 2024, is as follows:

	Proprietary Fund	Fiduciary Fund	Total
Cash on Hand	$ 87,890	$ -	$ 87,890
Amount of Deposits with Private Financial Institutions	10,590,279	-	10,590,279
Deposits in the Short-Term Investment Fund	208,756,054	-	208,756,054
External Investment Pool	429,151,411	782,805	429,934,216
Non-Pooled Investments	108,955,964	-	108,955,964
Total Deposits and Investments	$ 757,541,598	$ 782,805	$ 758,324,403
Deposits			
Current:			
Cash and Cash Equivalents	$ 131,622,682	$ -	$ 131,622,682
Restricted Cash and Cash Equivalents	46,629,335	-	46,629,335
Noncurrent:			
Restricted Cash and Cash Equivalents	41,182,206	-	41,182,206
Total Deposits	219,434,223	-	219,434,223
Investments			
Current:			
Short-Term Investments	628,182	-	628,182
Restricted Short-Term Investments	9,918,452	-	9,918,452
Noncurrent:			
Endowment Investments	428,946,901	-	428,946,901
Pooled Investment Funds	-	782,805	782,805
Other Investments	98,613,840	-	98,613,840
Total Investments	538,107,375	782,805	538,890,180
Total Deposits and Investments	$ 757,541,598	$ 782,805	$ 758,324,403

Note 3 - Fair Value Measurements

To the extent available, the University's investments are recorded at fair value as of June 30, 2024. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 — Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.

Level 2 — Investments with inputs - other than quoted prices included within Level 1 - that are observable for an asset, either directly or indirectly.

Level 3 — Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

The following table summarizes the University's proprietary and fiduciary fund investments, including deposits in the Short-Term Investment Fund, within the fair value hierarchy at June 30, 2024:

		Fair Value Measurements Using		
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments by Fair Value Level				
Debt Securities				
U.S. Treasuries	$ 97,874,840	$ 97,874,840	$ -	$ -
Mutual Bond Funds	2,168,832	2,168,832	-	-
Total Debt Securities	100,043,672	100,043,672	-	-
Other Securities				
Mutual Funds	4,563,439	4,563,439	-	-
Corporate Securities:				
Common Stocks	3,609,853	3,609,853	-	-
Investments in Real Estate	739,000	-	-	739,000
Total Investments by Fair Value Level	108,955,964	$ 108,216,964	$ -	$ 739,000
Investments Measured at the Net Asset Value (NAV)				
Partnerships:				
UNCG Endowment Partners, LP	429,934,216			
Investments as a Position in an External Investment Pool				
Short-Term Investment Fund	208,756,054			
Total Investments Measured at Fair Value	$ 747,646,234			

Short-Term Investment Fund - Ownership interests of the STIF are determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. Pool investments are measured at fair value in accordance with GASB Statement No. 72. The University's position in the pool is measured and reported at fair value and the STIF is not required to be categorized within the fair value hierarchy.

Debt and Equity Securities - Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Investment in Real Estate - The UNCG Excellence Foundation, Inc. currently holds three parcels of land that were gifted to the Foundation. Three parcels are life estates which were appraised at the time of gift and recorded at a value of $739,000. These properties will be sold at the time the donor no longer lives on the property.

The following table presents the valuation of investments measured at the Net Asset Value (NAV) per share (or its equivalent) at June 30, 2023.

Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Partnerships:				
UNCG Endowment Partners, LP	$ 429,934,216	N/A	N/A	N/A

UNCG Endowment Partners, LP - The UNCG Endowment Partners, LP (the "Partnership") will generally seek to achieve long-term equity-like returns through broadly diversifying by asset class, investment manager, geography, economic sector, and security. The Partnership seeks to achieve its objective by allocating its assets among unaffiliated limited partnerships, unaffiliated limited liability companies, unaffiliated private equity and/or venture capital funds, including offshore funds, other investment entities and/or separate accounts managed pursuant to investment agreements (collectively, the "Underlying Funds"), as well as publicly-traded stocks, exchange-traded funds, mutual funds, bonds, and derivative contracts.

Note 4 - Endowment Investments

Investments of the University's endowment funds are pooled, unless required to be separately invested by the donor. If a donor has not provided specific instructions, state law permits the Board of Trustees to authorize for expenditure the net appreciation, realized and unrealized, of the investments of the endowment funds. Under the Uniform Prudent Management of Institutional Funds Act (UPMIFA), authorized by the North Carolina General Assembly on March 19, 2009, the Board may also appropriate expenditures from eligible nonexpendable balances if deemed prudent and necessary to meet program outcomes and for which such spending is not specifically prohibited by the donor agreements. However, a majority of the University's endowment donor agreements prohibit spending of nonexpendable balances and therefore the related nonexpendable balances are not eligible for expenditure. During the year, the Board did not appropriate expenditures from eligible nonexpendable endowment funds.

Investment return of the University's endowment funds is predicated on the total return concept (yield plus appreciation). Annual payouts from the University's pooled endowment funds for

2024 and 2023 are equal to 3.55 percent and 3.65 percent, respectively, of the average market value of the Investment Pool at June 30 for the past three years. Under this policy, the prior year spending percentage may be increased by the inflation rate to determine the current year spending percentage. For 2024 spending, the Board approved spending to remain flat from the previous year. To the extent the total return for the current year exceeds the payout, the excess is added to principal. If current year earnings do not meet the payout requirements, the University uses accumulated income and appreciation from restricted, expendable net position endowment balances to make up the difference. At June 30, 2024, net appreciation of $205,004,726 was available to be spent, of which $197,024,147 was classified in net position as restricted expendable for student loans and scholarships, research, instruction, and other as it is restricted for specific purposes. The remaining portion of net appreciation available to be spent is classified as unrestricted net position

During the current year, the University incurred investment losses that exceeded the related endowment's available accumulated income and net appreciation. These losses resulted in a reduction to the specific nonexpendable endowment balance. At June 30, 2024 the amount of investment losses reported against the nonexpendable endowment balances was $30,330.

Note 5 - Receivables

Receivables at June 30, 2024, were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	$ 4,409,990	$ 1,238,305	$ 3,171,685
Student Sponsors	6,873,332	-	6,873,332
Intergovernmental	23,958,063	-	23,958,063
Pledges	7,676,967	17,436	7,659,531
Interest on Loans	100,284	-	100,284
Other	1,101,686	-	1,101,686
Total Current Receivables	$ 44,120,322	$ 1,255,741	$42,864,581
Notes Receivable:			
Notes Receivable - Current:			
Federal Loan Programs	$ 133,406	$ 27,610	$ 105,796
Institutional Student Loan Programs	315,043	202,537	112,506
Total Notes Receivable - Current	$ 448,449	$ 230,147	$ 218,302
Notes Receivable - Noncurrent:			
Federal Loan Programs	$ 603,281	$ 26,622	$ 576,659

Note 6 - Capital Assets

A summary of changes in the capital assets for the year ended June 30, 2024, is presented as follows:

	Balance July 1, 2023 (as Restated)	Increases	Decreases	Balance June 30, 2024
Capital Assets, Nondepreciable:				
Land	$ 50,637,030	$ -	$ -	$ 50,637,030
Art, Literature, and Artifacts	28,106,486	863,792	-	28,970,278
Construction in Progress	3,612,641	10,943,546	2,046,296	12,509,891
Total Capital Assets, Nondepreciable	82,356,157	11,807,338	2,046,296	92,117,199
Capital Assets, Depreciable:				
Buildings	917,694,488	139,638	-	917,834,126
Machinery and Equipment	107,365,173	11,201,739	8,285,511	110,281,401
General Infrastructure	86,505,263	1,906,658	-	88,411,921
Right-to-Use Leased Land	362,827	-	-	362,827
Right-to-Use Leased Buildings	6,906,727	158,388	123,950	6,941,165
Right-to-Use Leased Machinery and Equipment	89,442	7,566,229	-	7,655,671
Right-to-Use Subscription Assets	12,236,420	4,569,715	984,543	15,821,592
Total Capital Assets, Depreciable	1,131,160,340	25,542,367	9,394,004	1,147,308,703
Less Accumulated Depreciation/Amortization for:				
Buildings	267,154,730	19,387,264	-	286,541,994
Machinery and Equipment	48,195,962	6,703,694	5,349,909	49,549,747
General Infrastructure	59,792,524	2,858,223	-	62,650,747
Right-to-Use Leased Land	145,130	72,565	-	217,695
Right-to-Use Leased Buildings	2,343,381	1,157,736	123,950	3,377,167
Right-to-Use Leased Machinery and Equipment	32,796	1,397,051	-	1,429,847
Right-to-Use Subscription Assets	3,345,602	4,384,998	984,543	6,746,057
Total Accumulated Depreciation/Amortization	381,010,125	35,961,531	6,458,402	410,513,254
Total Capital Assets, Depreciable, Net	750,150,215	(10,419,164)	2,935,602	736,795,449
Capital Assets, Net	$ 832,506,372	$ 1,388,174	$ 4,981,898	$ 828,912,648

As of June 30, 2024, the total amount of right-to-use leased assets was $14,959,663 and the related accumulated amortization was $5,024,709.

Note 7 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2024, were as follows:

	Amount
Current Accounts Payable and Accrued Liabilities	
Accounts Payable	$ 2,700,900
Accounts Payable - Capital Assets	2,547,292
Accrued Payroll	8,240,050
Other	7,701,881
Total Current Accounts Payable and Accrued Liabilities	$ 21,190,123
Noncurrent Accounts Payable and Accrued Liabilities	
Contract Retainage	$ 313,341

Note 8 - Long-Term Liabilities

A. Changes in Long-Term Liabilities - A summary of changes in the long-term liabilities for the year ended June 30, 2024, is presented as follows:

	Balance July 1, 2023 (as Restated)	Additions	Reductions	Balance June 30, 2024	Current Portion
Long-Term Debt					
Revenue Bonds Payable	$ 223,600,000	$ -	$ 88,195,000	$ 135,405,000	$ 7,040,000
Bonds from Direct Placements	20,230,619	77,385,000	3,410,089	94,205,530	7,789,927
Plus: Unamortized Premium	14,287,836	-	5,936,619	8,351,217	-
Total Revenue Bonds Payable and Bonds from Direct Placements, Net	258,118,455	77,385,000	97,541,708	237,961,747	14,829,927
Note from Direct Borrowing	8,053,823	-	249,583	7,804,240	255,772
Total Long-Term Debt	266,172,278	77,385,000	97,791,291	245,765,987	15,085,699
Other Long-Term Liabilities					
Annuities and Life Income Payable	3,650,808	52,645	181,341	3,522,112	-
Lease Liabilities	4,863,791	7,724,617	3,356,660	9,231,748	2,222,496
Subscription (SBITA) Liabilities	3,550,937	4,569,715	4,640,305	3,480,347	2,085,330
Employee Benefits					
Compensated Absences	15,218,651	11,973,651	12,064,443	15,127,859	781,253
Net Pension Liability	77,774,811	6,717,132	-	84,491,943	-
Net Other Postemployment Benefits Liability	239,254,886	19,976,895	46,914	259,184,867	-
Workers' Compensation	3,485,515	886,731	1,292,788	3,079,458	1,010,358
Total Other Long-Term Liabilities	347,799,399	51,901,386	21,582,451	378,118,334	6,099,437
Total Long-Term Liabilities, Net	$ 613,971,677	$ 129,286,386	$ 119,373,742	$ 623,884,321	$ 21,185,136

Additional information regarding lease and subscription (SBITA) liabilities is included in Note 9.
Additional information regarding the net pension liability is included in Note 13.
Additional information regarding the net other postemployment benefits liability is included in Note 14.
Additional information regarding workers' compensation is included in Note 15.

B. Revenue Bonds Payable and Bonds from Direct Placements - The University was indebted for revenue bonds payable and bonds from direct placements for the purposes shown in the following table:

Purpose	Series	Interest Rate/ Ranges	Final Maturity Date	Original Amount of Issue	Principal Outstanding June 30, 2024
Revenue Bonds Payable					
General Revenue Bonds					
Student Recreation Center and Housing	2014	4.00%-5.00%	04/01/2039	$ 125,685,000	$ 15,000,000
Refund Series 2009A - Housing and Parking	2016	2.50%-5.00%	04/01/2034	21,575,000	15,925,000
Refund Series 2011 and 2012A - Dining, Housing, Police Building, and Athletics	2017	4.00%-5.00%	04/01/2036	77,175,000	66,280,000
Housing	2018	3.00%-5.00%	04/01/2043	45,260,000	38,200,000
Total General Revenue Bonds				269,695,000	135,405,000
Bonds from Direct Placements					
Refund Series 2005A and 2012B - Housing, Parking, and Athletics	2015	1.75%	04/01/2026	10,109,000	833,000
Refund Series 2010B-2 - Elliott University Center and Various Construction Projects	2020	1.72%	04/01/2026	9,548,000	3,296,530
Refund Series 2011 - Dining and Housing	2021A	1.29%	04/01/2027	1,966,000	997,000
Refund Series 2012A - Housing, Athletics, Policy Building, and Dining	2022	2.10%	04/01/2037	13,921,000	11,694,000
Refund Series 2014 - Student Recreation Center and Housing	2024	4.00%-5.00%	04/01/2039	77,385,000	77,385,000
Total Bonds from Direct Placements				112,929,000	94,205,530
Total Revenue Bonds Payable and Bonds from Direct Placements (principal only)				$ 382,624,000	229,610,530
Plus: Unamortized Premium					8,351,217
Total Revenue Bonds Payable and Bonds from Direct Placements, Net					$ 237,961,747

C. Note from Direct Borrowing - The University was indebted for a note from direct borrowing for the purpose shown in the following table:

Purpose	Financial Institution	Interest Rate	Final Maturity Date	Original Amount of Issue	Principal Outstanding June 30, 2024
Improvement Advance	PNC	2.48%	04/01/2027	$ 9,460,000	$ 7,804,240

D. Annual Requirements - The annual requirements to pay principal and interest on the long-term obligations at June 30, 2024, are as follows:

	Annual Requirements					
	Revenue Bonds Payable		Bonds from Direct Placements		Note from Direct Borrowing	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 7,040,000	$ 6,024,000	$ 7,789,927	$ 4,132,113	$ 255,772	$ 193,545
2026	7,385,000	5,672,000	8,051,603	3,853,727	262,116	187,202
2027	7,745,000	5,316,450	6,225,000	3,563,716	7,286,352	180,702
2028	8,130,000	4,929,200	6,157,000	3,297,834	-	-
2029	8,520,000	4,542,700	6,426,000	3,023,682	-	-
2030-2034	45,290,000	16,813,450	34,056,000	10,564,242	-	-
2035-2039	40,430,000	6,947,663	25,500,000	3,718,865	-	-
2040-2043	10,865,000	1,391,500	-	-	-	-
Total Requirements	$ 135,405,000	$ 51,636,963	$ 94,205,530	$ 32,154,179	$ 7,804,240	$ 561,449

E. Terms of Debt Agreements - The University's debt agreements are subject to the following collateral requirements and terms with finance-related consequences:

Revenue Bonds Payable - The indenture agreements for the University's outstanding revenue bonds of $135,405,000 contain provisions related to events of default and remedies. Significant to these provisions, an event of default occurs when the University: (1) fails to pay the principal, interest, or premium on any bonds when due and payable, or (2) fails to observe and perform any other covenant, condition, agreement, or provision contained in the bonds or in the general indenture within thirty days after written notice has been given to the University of North Carolina Board of Governors by the Trustee of the bonds.

Upon the occurrence of any event of default, the Trustee may, or if required by a majority of the owners of the bonds, must, declare the bonds to be due and payable immediately. The Trustee may exercise all remedies available by law or in the equity provided under the agreement, including a sum sufficient to pay all matured installments of the principal of and interest on all bonds which will have become due otherwise than by reason of such declaration and such amount as is sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee.

Bonds from Direct Placements - The indenture agreements for the University's outstanding bonds from direct placements of $94,205,530 contain provisions related to events of default and remedies. Significant to these provisions, an event of default occurs when the University: (1) fails to pay the principal, interest, or premium on any bonds when due and payable, or (2) fails to observe and perform any other covenant, condition, agreement, or provision contained in the bonds or in the general indenture within thirty days after written notice has been given to the University of North Carolina Board of Governors by the Trustee of the bonds.

Upon the occurrence of any event of default, the Trustee may, or if required by a majority of the owners of the bonds, must, declare the bonds to be due and payable immediately. The Trustee may exercise all remedies available by law or in the equity provided under the agreement, including a sum sufficient to pay all matured installments of the principal of and interest on all bonds which will have become due otherwise than by reason of such declaration and such amount as is sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee.

Note from Direct Borrowing - The University's outstanding note from direct borrowing of $7,804,240 contain provisions that in an event of default, the Bank may by written notice to the University, declare an amount equal to all remaining Base Rentals then due and payable to be immediately due and payable. The Bank may have reasonable access to and inspect, examine, and make copies of the books and records and accounts of the University during regular business hours of the University if reasonably necessary. The Bank may also take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the University made provided under the Use Agreement.

F. **Bond Defeasance** - The University has extinguished long-term debt obligations by the issuance of new long-term debt instruments as follows:

On January 16, 2024, the University issued $77,385,000 in direct placement General Revenue Refunding Bonds, Series 2024 with an average interest rate of 2.71%. The bonds were issued for a current refunding of $77,385,000 of outstanding General Revenue Bonds, Series 2014 with an average interest rate of 4.89%. The refunding was undertaken to reduce total debt service payments by $1,109,033 over the next 15 years and resulted in an economic gain of $1,027,687.

G. **Annuities Payable -** The annuity and life income payable balance consist of 109 charitable annuity agreements and 10 charitable remainder unitrusts with a market value of $6.7 million. The $3.5 million annuity and life income payable liability is the expected present value payable to donors based upon their age, the agreed-on payment rate, and the applicable federal rate.

Note 9 - Leases and Subscription-Based Information Technology Arrangements

A. **Lessor Arrangements -** The University leases land and buildings to external parties. The leases expire at various dates, and some have renewal options. Lease receivables and related deferred inflows of resources are recorded based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate stated per the lease contract, or the University's estimated incremental borrowing rate if there is no stated contractual interest rate. During the year the University did not recognize any variable payment amounts.

During the year ended June 30, 2024, the University recognized operating revenues related to lessor arrangements totaling $424,784, and nonoperating lease interest income totaling $39,618.

The University's lessor arrangements at June 30, 2024, are summarized below (excluding short-term leases):

Classification:	Number of Lease Contracts	Lease Receivable June 30, 2024	Current Portion	Lease Terms (1)	Interest Rate Ranges
Lessor:					
Land	2	$ 306,753	$ 35,371	4.00 Years	1.804% - 2.656%
Buildings	8	1,452,084	413,775	3.27 Years	1.335% - 2.978%
Total	10	$ 1,758,837	$ 449,146		

(1) The lease terms were calculated using weighted averages based on lease receivable amounts.

B. Lessee Arrangements - The University has lease agreements for the right to use office space and equipment from both external and related parties. The leases expire at various dates, and some have renewal options. Lease liabilities and right-to-use leased assets are recorded at the present value of payments expected to be made during the lease term, plus any upfront payments and ancillary charges paid to place the underlying right-to-use asset into service. The expected payments are discounted using the interest rate stated per the lease contract, or the University's estimated incremental borrowing rate if there is no stated contractual interest rate. During the year the University did not recognize any variable payment amounts.

The University's lessee arrangements at June 30, 2024, are summarized below (excluding short-term leases):

Classification:	Number of Lease Contracts	Lease Liabilities June 30, 2024	Current Portion	Lease Terms (1)	Interest Rate/ Ranges
Lessee:					
Right-to-Use Leased Land	1	$ 147,049	$ 73,037	2 Years	1.335%
Right-to-Use Leased Buildings	5	3,629,007	1,151,973	4.35 Years	1.177%-3.159%
Right-to-Use Leased Machinery and Equipment	2	5,455,692	997,486	3.54 Years	1.011%-4.860%
Total	8	$ 9,231,748	$ 2,222,496		

(1) The lease terms were calculated using weighted averages based on lease payable amounts.

Sublease - The University has one sublease as detailed below. The original lease and sublease are included in the summaries listed in this note disclosure.

The University currently leases approximately 7,504 square feet of office and lab space in the Plants for Human Health Institute. The space is located at 600 Laureate Way, Kannapolis, North Carolina. At the beginning of the current fiscal year there were approximately 64 months remaining on the lease. The University recorded a lease liability of $1,134,170 on June 30, 2023. As of June 30, 2024, the value of the lease liability was $928,330. The University is required to make monthly principal and interest payments of $18,447 to Dole Food Company, Inc. The lease has an interest rate of 1.493%. The value of the right to use asset at the end of the current fiscal year was $909,209 and had accumulated amortization of $629,452. The University subleased part of this building as detailed below.

The University currently subleases office and lab space in the Plants for Human Health Institute building to North Carolina Agricultural and Technical State University (NC A&T). At the beginning of the current fiscal year there were approximately five years remaining on the sublease. The University receives annual payments of $166,557. The lease has an interest rate of 1.493%. The University recognized $146,564 in lease revenue and $11,318 in interest revenue during the fiscal year related to this lease. As of June 30, 2024, the University's receivable for lease payments was $602,842. Also, the University has a deferred inflow of resources associated with the lease that will be recognized as revenue over the lease term. As of June 30, 2024, the balance of deferred inflow of resources was $628,597.

C. **Subscription-Based Information Technology Arrangements (SBITAs)** - The University enters SBITAs for the right to use information technology software from external parties. The SBITAs expire at various dates, and some have renewal options. Subscription liabilities and the related right-to-use subscription assets are recorded based on the present value of expected payments over the term of the respective SBITA. The expected payments are discounted using the interest rate stated per the SBITA contract, or the University's estimated incremental borrowing rate if there is no stated contractual interest rate. During the year the University did not recognize any variable payment amounts.

The University had commitments under SBITAs before the SBITA term as follows: a 5-year $166,930 SBITA for the right-to-use Anthology Evaluate beginning July 1, 2024, a 5-year $1,483,363 SBITA for the right-to-use Jaggaer Contracts beginning July 1, 2024, a 3-year $49,254 SBITA for the right-to-use Revvity Signals ChemDraw Professional beginning May 23, 2025, and a 2-year $56,137 SBITA for the right-to-use Vector Solutions beginning July 1, 2024.

The University's SBITAs at June 30, 2024, are summarized below (excluding short-term SBITAs):

SBITA	Number of SBITAs	Subscription (SBITA) Liabilities June 30, 2024	Current Portion	SBITA Terms and Conditions	Interest Rate Ranges
Right-to-Use Subscription Assets	58	$ 3,480,347	$ 2,085,330	2 - 5 Years	1.89% - 3.59%

D. **Annual Requirements** - The annual requirements to pay principal and interest on leases and SBITAs at June 30, 2024, are as follows:

	Annual Requirements			
	Lease Liabilities		Subscription (SBITA) Liabilities	
Fiscal Year	Principal	Interest	Principal	Interest
2025	$ 2,222,496	$ 316,835	$ 2,085,330	$ 93,536
2026	2,291,109	252,052	1,147,741	39,411
2027	1,499,843	184,665	166,077	7,718
2028	1,547,116	124,811	81,199	2,802
2029	1,425,798	63,782	-	-
2030-2034	245,386	4,070	-	-
Total Requirements	$ 9,231,748	$ 946,215	$ 3,480,347	$ 143,467

Note 10 - Net Position

Unrestricted net position has been significantly affected by transactions resulting from the recognition of deferred outflows of resources, deferred inflows of resources, and related long-term liabilities, as shown in the following table:

	Amount
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	$ (36,066,714)
Net OPEB Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(287,079,769)
Effect on Unrestricted Net Position	(323,146,483)
Total Unrestricted Net Position Before Recognition of Deferred Outflows of Resources, Deferred Inflows of Resources, and Related Long-Term Liabilities	250,773,925
Total Unrestricted Net Position	$ (72,372,558)

See Notes 13 and 14 for detailed information regarding the amortization of the deferred outflows of resources and deferred inflows of resources relating to pensions and OPEB, respectively.

Note 11 - Revenues

A summary of discounts and allowances by revenue classification is presented as follows:

	Gross Revenues	Less Scholarship Discounts and Allowances	Less Allowance for Uncollectibles	Net Revenues
Operating Revenues:				
Student Tuition and Fees, Net	$ 142,063,159	$ 45,089,597	$ 543,743	$ 96,429,819
Sales and Services:				
Sales and Services of Auxiliary Enterprises:				
Residential Life	$ 39,560,989	$ 12,337,886	$ 156,570	$ 27,066,533
Dining	21,879,450	6,754,009	82,586	15,042,855
Student Union Services	102,158	-	-	102,158
Health, Physical Education, and Recreation Services	875,685	-	-	875,685
Parking	3,614,201	-	65,394	3,548,807
Athletic	1,093,944	-	-	1,093,944
Other	3,058,706	-	6,982	3,051,724
Sales and Services of Education and Related Activities	3,980,931	-	-	3,980,931
Total Sales and Services, Net	$ 74,166,064	$ 19,091,895	$ 311,532	$ 54,762,637

Note 12 - Operating Expenses by Function

The University's operating expenses by functional classification are presented as follows:

	Salaries and Benefits	Supplies and Services	Scholarships and Fellowships	Utilities	Depreciation/ Amortization	Total
Instruction	$144,188,297	$ 2,565,661	$ -	$ 3,390	$ -	$146,757,348
Research	16,800,300	16,497,047	-	-	-	33,297,347
Public Service	11,636,922	4,089,516	-	702	-	15,727,140
Academic Support	24,753,672	12,914,787	-	60	-	37,668,519
Student Services	18,993,532	6,751,837	-	-	-	25,745,369
Institutional Support	34,364,070	15,602,765	-	28,048	-	49,994,883
Operations and Maintenance of Plant	21,650,916	9,914,021	-	9,729,430	-	41,294,367
Student Financial Aid	-	-	29,874,508	-	-	29,874,508
Auxiliary Enterprises	22,266,149	27,323,155	-	7,939	-	49,597,243
Depreciation/Amortization	-	-	-	-	35,961,531	35,961,531
Total Operating Expenses	$294,653,858	$ 95,658,789	$ 29,874,508	$ 9,769,569	$ 35,961,531	$465,918,255

Included in the scholarship and fellowship function are student financial aid operating expenses for emergency financial aid payments to eligible students. These payments are for expenses related to the disruption of campus operations due to the coronavirus of $531 provided by the Higher Education Emergency Relief Fund (HEERF). Because of the administrative involvement by the University in providing the student awards, the related program activity is reported as nonoperating Federal Aid - COVID-19 revenue and student financial aid operating expenses. Since the purpose of the student aid is not for educational or scholarship purposes, they do not affect the scholarship discounting adjustments reported in Note 11.

Note 13 - Pension Plans

A. Defined Benefit Plan

Plan Administration: The State of North Carolina administers the Teachers' and State Employees' Retirement System (TSERS) plan. This plan is a cost-sharing, multiple-employer, defined benefit pension plan established by the State to provide pension benefits for general employees and law enforcement officers (LEOs) of the State, general employees and LEOs of its component units, and employees of Local Education Agencies (LEAs) and charter schools not in the reporting entity. Membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the LEAs and charter schools that elect to join the Retirement System. Benefit provisions are established by General Statute 135-5 and may be amended only by the North Carolina General Assembly.

Benefits Provided: TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% 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. General employee plan members are eligible to retire with unreduced retirement benefits at age 65 with five years of membership service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with reduced retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of membership service. Survivor benefits are available to eligible beneficiaries of general 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 five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members. The plan does not provide for automatic post-retirement benefit increases.

Contributions: Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute 6% of their annual pay. The contribution rate for employers is set each year by the North Carolina General Assembly in the Appropriations Act and may not be less than the contribution rate required of plan members. The TSERS Board of Trustees establishes a funding policy from which an accrued liability rate and a normal contribution rate are developed by the consulting actuary. The sum of those two rates developed under the funding policy is the actuarially determined contribution rate (ADC). The TSERS Board of Trustees may further adopt a contribution rate policy that is higher than the ADC known as the required employer contribution to be recommended to the North Carolina General Assembly. The University's contractually-required contribution rate for the year ended June 30, 2024 was 17.64% of covered payroll. Plan members' contributions to the pension plan were $5,628,150, and the University's contributions were $16,546,762 for the year ended June 30, 2024.

The TSERS plan's financial information, including all information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2023 *Annual Comprehensive Financial Report*. An electronic version of this report is available on the North Carolina Office of the State Controller's website at https://www.osc.nc.gov/ or by calling the State Controller's Financial Reporting Section at 919-707-0500.

TSERS Basis of Accounting: The financial statements of the TSERS plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the TSERS plan, and additions to/deductions from the TSERS plan's fiduciary net position have been determined on the same basis as they are reported by TSERS.

Methods Used to Value TSERS Investment: Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the retirement systems. The State Treasurer maintains various investment portfolios in its External Investment Pool. TSERS and other pension plans of the State of North Carolina participate in the Long-Term Investment, Fixed Income Investment, Equity Investment, Real Estate Investment, Alternative Investment, Opportunistic Fixed Income Investment, and Inflation Sensitive Investment portfolios. The Fixed Income Asset Class includes the Long-Term Investment and Fixed Income Investment portfolios. The Global Equity Asset Class includes the Equity

Investment portfolio. The investment balance of each pension trust fund represents its share of the fair value of the net position of the various portfolios within the External Investment Pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2023 *Annual Comprehensive Financial Report*.

Net Pension Liability: At June 30, 2024, the University reported a liability of $84,491,943 for its proportionate share of the collective 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, and update procedures were used to roll forward the total pension liability to June 30, 2023. The University's proportion of the net pension liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2023, the University's proportion was 0.50679%, which was a decrease of 0.01722 from its proportion measured as of June 30, 2022, which was 0.52401%.

Actuarial Assumptions: The following table presents the actuarial assumptions used to determine the total pension liability for the TSERS plan at the actuarial valuation date:

Valuation Date	12/31/2022
Inflation	2.5%
Salary Increases*	3.25% - 8.05%
Investment Rate of Return**	6.5%

* Salary increases include 3.25% inflation and productivity factor.
** Investment rate of return includes inflation assumption and is net of pension plan investment expense.

TSERS currently uses mortality tables that vary by age, gender, employee group (i.e., teacher, 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. public plan population. The mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019.

Future ad hoc cost-of-living adjustment 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (the measurement date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	0.9%
Global Equity	6.5%
Real Estate	5.9%
Alternatives	8.2%
Opportunistic Fixed Income	5.0%
Inflation Sensitive	2.7%

The information in the preceding table is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. 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 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2023 is 0.78%.

Discount Rate: The discount rate used to measure the total pension liability was 6.5% for the December 31, 2022 valuation. The discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those 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 Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the plan at June 30, 2023 calculated using the discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

Net Pension Liability		
1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
$ 145,052,866	$ 84,491,943	$ 34,531,145

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended June 30, 2024, the University recognized pension expense of $21,869,737. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to TSERS from the following sources:

Employer Balances of Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions by Classification:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Actual and Expected Experience	$ 6,888,092	$ 623,610
Changes of Assumptions	2,967,245	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	23,531,000	-
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	381,043	1,265,303
Contributions Subsequent to the Measurement Date	16,546,762	-
Total	$ 50,314,142	$ 1,888,913

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TSERS will be recognized as pension expense as follows:

Schedule of the Net Amount of the Employer's Balances of Deferred Outflows of Resources and Deferred Inflows of Resources That will be Recognized in Pension Expense:

Year Ending June 30:	Amount
2025	$ 10,572,216
2026	5,386,313
2027	14,914,766
2028	1,005,172
Total	$ 31,878,467

B. Defined Contribution Plan - The Optional Retirement Program (ORP) is a defined contribution pension plan that provides retirement benefits with options for payments to beneficiaries in the event of the participant's death. Faculty and staff of the University may join the ORP instead of TSERS. The ORP is administered by the UNC System.

Benefits are provided by means of contracts issued and administered by the privately-operated Teachers' Insurance and Annuity Association and Fidelity Investments.

Participants' eligibility and contributory requirements are established in General Statute 135-5.1 and may be amended only by the North Carolina General Assembly. Participants are always fully vested in their own contributions to the plan and their investment earnings. Participants are fully vested in the University's contributions and earnings after five years of participating in the ORP.

Participants contribute 6% of compensation and the University contributes 6.84%. For the year ended June 30, 2024, the University had a total payroll of $222,319,516, of which $99,221,042 was covered under ORP. Total employee and employer contributions for pension benefits for the year were $5,953,263 and $6,786,719, respectively. The amount of pension expense recognized in the current year related to ORP is equal to the employer contributions.

Note 14 - Other Postemployment Benefits

The University participates in two postemployment benefit plans, the Retiree Health Benefit Fund and the Disability Income Plan of North Carolina, that are administered by the State of North Carolina as pension and other employee benefit trust funds. Each plan's financial information, including all information about the plans' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2023 *Annual Comprehensive Financial Report.* An electronic version of this report is available on the North Carolina Office of the State Controller's website at https://www.osc.nc.gov/ or by calling the State Controller's Financial Reporting Section at 919-707-0500.

A. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: The financial statements of these plans were prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of each plan. For purposes of measuring the net other postemployment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of each plan, and additions to/deductions from each plans' fiduciary net position have been determined on the same basis as they are reported by the plans.

Methods Used to Value Plan Investments: Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the other postemployment benefit funds. The State Treasurer maintains various investment portfolios in its External Investment Pool. The Retiree Health Benefit Fund participates in the External Investment Pool. The Disability Income Plan is invested in the Short-Term Investment Portfolio of the External Investment Pool and the Bond Index External Investment Pool. The investment balance of each other employee benefit trust fund represents its share of the fair value of the net position of the various portfolios within the pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2023 *Annual Comprehensive Financial Report.*

B. Plan Descriptions

1. Health Benefits

Plan Administration: The State of North Carolina administers the North Carolina State Health Plan for Teachers and State Employees, referred to as the State Health Plan (the Plan), a healthcare plan exclusively for the benefit of employees of the State, the University of North Carolina System, community colleges, and certain other component units. In addition, Local Education Agencies (LEAs), charter schools, and some select local governments that are not part of the State's financial reporting entity also participate. Health benefit programs and premium rates are determined by the State Treasurer upon approval of the Plan Board of Trustees.

The Retiree Health Benefit Fund (RHBF) has been established by Chapter 135-7, Article 1 of the General Statutes as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments that are not part of the State's financial reporting entity also participate.

By statute, RHBF is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System (TSERS). RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the Plan. The State Treasurer, with the approval of the Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the Plan.

Benefits Provided: Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees as described in Note 15. The plan options change when the former employees become eligible for Medicare. The benefits provided include medical and pharmacy coverage for employees and their dependents. Non-Medicare eligible members have two self-funded options administered by the State Health Plan while Medicare members have three options, including one self-funded option and two fully-insured Medicare Advantage/Prescription Drug Plan options. Self-funded medical and pharmacy claims costs are shared between the covered member and the State Health Plan. If the self-funded plan is elected by a Medicare eligible member, the coverage is secondary to Medicare. Fully-insured claims include cost sharing from covered members with the remaining balance paid by the fully-insured carrier.

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina and retirees of TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the North Carolina General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the North Carolina General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the North Carolina General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the Plan's total noncontributory premium. Employees first hired on or after October 1, 2006 and members of the North Carolina General Assembly first taking office on or after February 1, 2007 with five but less than 10 years of retirement service credit are eligible for coverage on a fully contributory basis.

Section 35.21 (c) & (d) of Session Law 2017-57 repealed retiree medical benefits for employees first hired on or after January 1, 2021. The legislation amended Chapter 135, Article 3B of the General Statutes to require that retirees must earn contributory retirement service in the TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

Contributions: Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the North Carolina General Assembly in the Appropriations Act. The University's contractually-required contribution rate for the year ended June 30, 2024 was 7.14% of covered payroll. The University's contributions to the RHBF were $13,781,881 for the year ended June 30, 2024.

In fiscal year 2022, the Plan transferred $180.51 million to RHBF as a result of cost savings to the Plan over a span of six years. For financial reporting purposes, the transfer was recognized as a nonemployer contributing entity contribution. The contribution was allocated among the RHBF employers and recorded as noncapital contributions. For the fiscal year ended June 30, 2024, the University recognized noncapital contributions for RHBF of $340,156.

2. Disability Income

Plan Administration: As discussed in Note 15, short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to the eligible members of TSERS which includes employees of the State, the University of North Carolina System, community colleges, certain participating component units and LEAs which are not part of the State's reporting entity, and the University Employees' ORP. By statute, DIPNC is administered by the Department of State Treasurer and the Board of Trustees of TSERS.

Benefits Provided: Long-term disability benefits are payable as an OPEB from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, while the employee is disabled and does not meet the TSERS conditions for unreduced service retirement. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in TSERS or the University Employees' ORP, earned within 96 months prior to becoming disabled or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from TSERS; and (6) the employee must terminate employment as a permanent, full-time employee. A general employee is eligible to receive an unreduced retirement benefit from TSERS after: (1) reaching the age of 65 and completing five years of membership service; (2) reaching the age of 60 and completing 25 years of creditable service; or (3) completing 30 years of creditable service, at any age.

For employees who had five or more years of membership service as of July 31, 2007, during the first 36 months of the long-term disability period, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one-twelfth of the annual longevity payment and local supplements to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of $3,900 per month reduced by any primary Social Security disability benefits, by an amount equal to the monthly primary Social Security retirement benefit to which the employee might be entitled should the employee be at least age 62, and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled, but the benefits payable shall be no less than $10 a month. After the first 36 months of the long-term disability, the long-term benefit is calculated in the same manner as described above except the monthly benefit is reduced by an amount equal to a monthly primary Social Security disability benefit to which the participant or beneficiary might be entitled had Social Security disability benefits been awarded. When an employee qualifies for an unreduced service retirement allowance from TSERS, the benefits payable from DIPNC will cease, and the employee will commence retirement under TSERS or the University Employees' ORP.

For employees who had less than five years of membership service as of July 31, 2007, and meet the requirements for long-term disability on or after August 1, 2007, benefits are calculated in the same manner as described above except that after the first 36 months of the long-term disability, no further long-term disability benefits are payable unless the employee has been approved and is in receipt of primary Social Security benefits.

Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases.

Contributions: Although DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Act by the North Carolina General Assembly and coincide with the State's fiscal year. The University's contractually-required contribution rate for the year ended June 30, 2024 was 0.11% of covered payroll. The University's contributions to DIPNC were $212,326 for the year ended June 30, 2024.

C. Net OPEB Liability

Retiree Health Benefit Fund: At June 30, 2024, the University reported a liability of $258,929,809 for its proportionate share of the collective net OPEB liability for RHBF. The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total OPEB liability to June 30, 2023. The University's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2023, the University's proportion was 0.97169%, which was a decrease of 0.03456 from its proportion measured as of June 30, 2022, which was 1.00625%.

Disability Income Plan of North Carolina: At June 30, 2024, the University reported a liability of $255,058 for its proportionate share of the collective net OPEB liability for DIPNC. The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total OPEB liability to June 30, 2023. The University's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2023, the University's proportion was 0.95901%, which was a decrease of 0.05609 from its proportion measured as of June 30, 2022, which was 1.01510%.

Actuarial Assumptions: The total OPEB liabilities for RHBF and DIPNC were determined by actuarial valuations as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liabilities were then rolled forward to June 30, 2023 utilizing update procedures incorporating the actuarial assumptions.

	Retiree Health Benefit Fund	Disability Income Plan of N.C.
Valuation Date	12/31/2022	12/31/2022
Inflation	2.5%	2.5%
Salary Increases*	3.25% - 8.05%	3.25% - 8.05%
Investment Rate of Return**	6.5%	3.0%
Healthcare Cost Trend Rate - Medical***	6.5% grading down to 5% by 2029	N/A
Healthcare Cost Trend Rate - Prescription Drug***	10% grading down to 5% by 2033	N/A
Healthcare Cost Trend Rate - Prescription Drug Rebates***	7% grading down to 5% by 2033	N/A
Healthcare Cost Trend Rate - Medicare Advantage***	0% through 2025, 5% thereafter	N/A
Healthcare Cost Trend Rate - Administrative***	3%	N/A

* Salary increases include 3.25% inflation and productivity factor.
** Investment rate of return is net of OPEB plan investment expense, including inflation.
*** Disability Income Plan of NC eliminated employer reimbursements from the Plan (which included State Health Plan premiums) effective July 1, 2019.
N/A - Not Applicable

The OPEB plans currently use mortality tables that vary by age, gender, employee group (i.e., teacher, other educational employee, general employee, or law enforcement officer) and health status (i.e., disabled or not disabled). The current mortality rates are based on published tables and studies that cover significant portions of the U.S. public plan population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

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. DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2023.

Best estimates of real rates of return for each major asset class included in RHBF's target asset allocation as of June 30, 2023 (the measurement date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	0.9%
Global Equity	6.5%
Real Estate	5.9%
Alternatives	8.2%
Opportunistic Fixed Income	5.0%
Inflation Sensitive	2.7%

The information in the preceding table is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. 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 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2023 is 0.78%.

Actuarial valuations of the plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The results of the valuations fluctuate from year to year as actual experience differs from assumptions. This includes demographic experiences (i.e., mortality and retirement) that differ from expected. This also includes financial experiences (i.e., member medical costs and contributions) that vary from expected trends. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial assumptions used for RHBF are consistent with those used to value the pension benefits of TSERS where appropriate. These assumptions are based on the most recent pension valuations available. The discount rate used for RHBF reflects a pay-as-you-go approach.

Projections of benefits for financial reporting purposes of the plans are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The RHBF is funded solely by employer contributions and benefits are dependent on membership requirements.

The actuarial methods and assumptions used for DIPNC include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Prior to July 1, 2019, employers received a reimbursement from DIPNC for employer costs, including the employer's share of the State Health Plan premiums, incurred during the second six months of the first year of a member's short-term disability coverage. With the elimination of the reimbursement to employers, State Health Plan premiums are no longer reimbursed by DIPNC for the benefits that were effective on or after July 1, 2019.

The actuarial assumptions used in the December 31, 2022 valuations were generally based on the results of an actuarial experience study prepared as of December 31, 2019, as amended for updates to certain assumptions (such as medical claims and medical trend rate assumptions) implemented based on annual reviews that have occurred since that experience study.

Discount Rate: The discount rate used to measure the total OPEB liability for RHBF was 3.65% at June 30, 2023 compared to 3.54% at June 30, 2022. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments to current plan members. As a result, a municipal bond rate of 3.65% was used as the discount rate used to measure the total OPEB liability. The 3.65% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2023.

The discount rate used to measure the total OPEB liability for DIPNC was 3.00% at June 30, 2023 compared to 3.08% at June 30, 2022. The projection of cash flow used to determine the discount rate assumed that contributions from plan members would be made at the current contribution rate and that contributions from employers would be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was not projected to be available to make all projected future benefit payments to the current plan members. In order to develop the blended discount rate of 3.00%, 3.00% was used during the period that the plan was projected to have a fiduciary net position, and a municipal bond rate of 3.65% was used during the period that the plan was projected to have no fiduciary net position. The 3.65% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2023.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the University's proportionate share of the net OPEB liability of the plans, as well as what the plans' net OPEB 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 discount rate:

	Net OPEB Liability		
	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
RHBF	$ 305,457,651	$ 258,929,809	$ 221,037,000
	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
DIPNC	$ 306,615	$ 255,058	$ 202,562

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability of the plans, as well as what the plans' net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Net OPEB Liability		
	1% Decrease (Medical - 4% - 5.5%, Pharmacy - 4% - 9%, Pharmacy Rebate - 4% - 6%, Med. Advantage - 0% - 4%, Administrative - 2%)	Current Healthcare Cost Trend Rates (Medical - 5% - 6.5%, Pharmacy - 5% - 10%, Pharmacy Rebate - 5% - 7%, Med. Advantage - 0% - 5%, Administrative - 3%)	1% Increase (Medical - 6% - 7.5%, Pharmacy - 6% - 11%, Pharmacy Rebate - 6% - 8%, Med. Advantage - 0% - 6%, Administrative - 4%)
RHBF	$ 213,770,236	$ 258,929,809	$ 317,163,425

Effective with the actuarial valuation as of December 31, 2021, the liability for the State's potential reimbursement of costs incurred by employers was removed because the reimbursement by DIPNC was eliminated for disabilities occurring on or after July 1, 2019. Thus sensitivity to changes in the healthcare cost trend rates is not applicable for DIPNC.

OPEB Expense: For the fiscal year ended June 30, 2024, the University recognized OPEB expense as follows:

OPEB Plan	Amount
RHBF	$ 1,318,734
DIPNC	358,026
Total OPEB Expense	$ 1,676,760

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Employer Balances of Deferred Outflows of Resources Related to OPEB by Classification:

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	$ 2,851,324	$ 223,526	$ 3,074,850
Changes of Assumptions	28,049,979	18,586	28,068,565
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	2,068,464	333,141	2,401,605
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	8,821,629	29,427	8,851,056
Contributions Subsequent to the Measurement Date	13,781,881	212,326	13,994,207
Total	$ 55,573,277	$ 817,006	$ 56,390,283

Employer Balances of Deferred Inflows of Resources Related to OPEB by Classification:

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	$ 253,699	$ 141,272	$ 394,971
Changes of Assumptions	69,080,383	43,539	69,123,922
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	14,741,356	24,936	14,766,292
Total	$ 84,075,438	$ 209,747	$ 84,285,185

Amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as reductions of the net OPEB liabilities related to RHBF and DIPNC in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Schedule of the Net Amount of the Employer's Balances of Deferred Outflows of Resources and Deferred Inflows of Resources That will be Recognized in OPEB Expense:

Year Ending June 30:	RHBF	DIPNC
2025	$ (12,760,022)	$ 127,520
2026	(19,670,831)	81,224
2027	(11,965,870)	112,868
2028	2,112,683	38,581
2029	(2)	19,269
Thereafter	-	15,471
Total	$ (42,284,042)	$ 394,933

Note 15 - Risk Management

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled via a combination of methods, including participation in state-administered insurance programs, purchase of commercial insurance, and self-retention of certain risks. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

A. Employee Benefit Plans

1. State Health Plan

University employees are provided comprehensive major medical care benefits. Coverage is funded by contributions to the State Health Plan (Plan), a discretely presented component unit of the State of North Carolina. The Plan is funded by employer and employee contributions. The Plan has contracted with third parties to process claims. See Note 14, Other Postemployment Benefits, for additional information regarding retiree health benefits.

2. Death Benefit Plan of North Carolina

Term life insurance (death benefits) of $25,000 to $50,000 is provided to eligible workers who enroll in the Teachers' and State Employees' Retirement System. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was 0.13% for the current fiscal year.

3. Disability Income Plan

Short-term and long-term disability benefits are provided to University employees through the Disability Income Plan of North Carolina (DIPNC), part of the State's Pension and Other Employee Benefit Trust Funds. Short-term benefits are paid by the University for up to twelve months. The Board of Trustees of the DIPNC may extend the short-term disability benefits for up to an additional twelve months. During the extended period of short-term disability benefits, payments are made directly by the DIPNC to the beneficiary. As discussed in Note 14, long-term disability benefits are payable as other postemployment benefits from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled.

B. Other Risk Management and Insurance Activities

1. Automobile, Fire, and Other Property Losses

All state-owned vehicles are covered by liability insurance through a private insurance company and handled by the North Carolina Department of Insurance. The liability limits for losses are $1,000,000 per claim and $10,000,000 per occurrence. The University pays premiums to the North Carolina Department of Insurance for the coverage.

The University is required to maintain all risk coverage on all state-owned buildings and contents through the State Property Fire Insurance Fund (Fund), an internal service fund of the State. Fire and lightning coverage is provided at no cost to the University for operations supported by the State's General Fund. Other operations not supported by the State's General Fund are charged for the fire and lightning coverage. Coverage for all remaining risks for all buildings is charged to the University. Losses covered by the Fund are subject to a $100,000 per occurrence deductible. However, Housing and Residence Life has chosen a $25,000 deductible.

2. Public Officers' and Employees' Liability Insurance

The risk of tort claims of up to $1,000,000 per claimant is retained under the authority of the State Tort Claims Act. In addition, the State provides excess public officers' and employees' liability insurance up to $2,000,000 per claim and $10,000,000 in the aggregate per fiscal year via contract with private insurance companies. The University pays the premium, based on a composite rate, directly to the private insurer.

3. Employee Dishonesty and Computer Fraud

The University is protected for losses from employee dishonesty and computer fraud. This coverage is with a private insurance company and is handled by the North Carolina Department of Insurance. Universities are charged a premium by the private insurance company. Coverage limit is $5,000,000 per occurrence. The private insurance company pays 90% of each loss less a $100,000 deductible.

4. Statewide Workers' Compensation Program

The North Carolina Workers' Compensation Program provides benefits to workers injured on the job. All employees of the State and its component units are included in the program. When an employee is injured, the University's primary responsibility is to arrange for and provide the necessary treatment for work related injury. The University is responsible for paying medical benefits and compensation in accordance with the North Carolina Workers' Compensation Act. The University retains the risk for workers' compensation.

Additional details on the state-administered risk management programs are disclosed in the State's *Annual Comprehensive Financial Report*, issued by the Office of the State Controller.

5. Other Insurance Held by the University

The University purchased other authorized coverage from private insurance companies through the North Carolina Department of Insurance. These purchased coverages provide insurance for computers and miscellaneous equipment, accident insurance for participants in study abroad and international programs, theft and employee dishonesty, musical instruments, fine arts property coverage, University intern liability, business travel, boiler and machinery, leased computer equipment, athletic accident insurance, physicians' professional medical liability, postal bond, cyber liability, non-physicians' professional medical liability, student health coverage, accident insurance for University camp participants, club sports travel, railroad underpass general liability and excess liability coverage, accident and health coverage for campus recreation adventure program participants, boat and hull property and liability, fiber optics bond, unmanned aircraft aviation liability, and volunteer liability coverage.

Note 16 - Commitments and Contingencies

A. Commitments - The University has established an encumbrance system to track its outstanding commitments on construction projects and other purchases. Outstanding commitments on construction contracts were $11,456,791 and on other purchases were $2,503,443 at June 30, 2024.

B. Pending Litigation and Claims - The University is a party to litigation and claims in the ordinary course of its operations. Since it is not possible to predict the ultimate outcome of these matters, no provision for any liability has been made in the financial statements. University management is of the opinion that the liability, if any, for any of these matters will not have a material adverse effect on the financial position of the University.

C. Other Contingent Receivables - The University has received notification of other gifts and grants for which funds have not been disbursed by the resource provider and for which conditions attached to the gift or grant have not been satisfied or, in the case of permanent endowments, cannot begin to be satisfied. In accordance with accounting principles generally accepted in the United States of America, these amounts have not been recorded on the accompanying financial statements. The purpose and amount of other contingent receivables at year-end are as follows:

Purpose	Amount
Pledges to the UNCG Endowment Fund	$ 9,422,181
Pledges to the UNCG Excellence Foundation Endowment Fund	4,190,800

Note 17 - Related Parties

The University and North Carolina Agricultural and Technical State University have formed a jointly governed nonprofit organization, Gateway Research Park, Inc., which is also a component unit of the State of North Carolina. The purpose of this organization is to provide a collaborative research environment that fosters academic enrichment, research growth, technology transfer, commercialization, and discovery while encouraging and promoting regional economic development.

During the fiscal year, the University made payments totaling $484,596 to Gateway Research Park, Inc. These payments consisted of: $368,585 for the construction, maintenance, acquisition, movement, installation, upgrades of offices, classrooms, and laboratories for the Joint School of Nanoscience and Nanoengineering; $53,668 for the operation and maintenance of University facilities at the Gateway Research Park, Inc; $25,000 for annual management fee for the Gateway Research Park, Inc; and $37,343 for other facility use fees, services, and maintenance expenses.

Note 18 - Blended Component Units

Condensed combining information for the University's blended component units for the year ended June 30, 2024, is presented as follows:

Condensed Statement of Net Position
Proprietary Fund
June 30, 2024

	University	UNCG Excellence Foundation	Weatherspoon Art Museum Council	Capital Facilities Foundation	UNCG Investment Fund	Eliminations	Total
ASSETS							
Current Assets	$ 218,190,563	$ 11,112,058	$ -	$ 4,413,299	$ 233,266	$ (550,242)	$ 233,398,944
Capital Assets, Net	791,386,032	43,920	28,453,278	9,029,418	-	-	828,912,648
Other Noncurrent Assets	355,731,756	214,942,574	-	7,526,529	430,165,437	(437,691,966)	570,674,330
Total Assets	1,365,308,351	226,098,552	28,453,278	20,969,246	430,398,703	(438,242,208)	1,632,985,922
TOTAL DEFERRED OUTFLOWS OF RESOURCES	110,142,795	-	-	-	-	-	110,142,795
LIABILITIES							
Current Liabilities	54,495,163	3,085,604	-	304,158	233,266	(233,266)	57,884,925
Long-Term Liabilities, Net	591,609,165	3,541,552	-	7,548,468	-	-	602,699,185
Other Noncurrent Liabilities	2,551,427	-	-	779,919	-	-	3,331,346
Total Liabilities	648,655,755	6,627,156	-	8,632,545	233,266	(233,266)	663,915,456
TOTAL DEFERRED INFLOWS OF RESOURCES	90,583,940	91,552	-	7,498,546	-	(7,498,545)	90,675,493
NET POSITION							
Net Investment in Capital Assets	535,917,532	34,000	28,453,278	1,225,178	-	-	565,629,988
Restricted - Nonexpendable	84,126,165	115,018,962	-	-	430,165,437	(430,165,437)	199,145,127
Restricted - Expendable	203,857,912	92,277,299	-	-	-	-	296,135,211
Unrestricted	(87,690,158)	12,049,583	-	3,612,977	-	(344,960)	(72,372,558)
Total Net Position	$ 736,211,451	$ 219,379,844	$ 28,453,278	$ 4,838,155	$ 430,165,437	$ (430,510,397)	$ 988,537,768

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

	University	UNCG Excellence Foundation	Weatherspoon Art Museum Council	Capital Facilities Foundation	UNCG Investment Fund	Eliminations	Total
OPERATING REVENUES							
Rental Income	$ -	$ -	$ -	$ 551,188	$ -	$ (551,188)	$ -
Operating Revenues	212,163,061	-	-	-	-	-	212,163,061
Total Operating Revenues	212,163,061	-	-	551,188	-	(551,188)	212,163,061
OPERATING EXPENSES							
Operating Expenses	429,987,614	188,411	-	277,008	1,694,467	(2,190,776)	429,956,724
Depreciation/Amortization	35,655,726	15,441	-	290,364	-	-	35,961,531
Total Operating Expenses	465,643,340	203,852	-	567,372	1,694,467	(2,190,776)	465,918,255
Operating Income (Loss)	(253,480,279)	(203,852)	-	(16,184)	(1,694,467)	1,639,588	(253,755,194)
NONOPERATING REVENUES (EXPENSES)							
State Appropriations	208,723,967	-	-	-	-	-	208,723,967
Student Financial Aid	65,108,154	-	-	-	-	-	65,108,154
Noncapital Contributions	12,333,731	717,635	-	-	-	-	13,051,366
Investment Income, Net	35,584,699	22,855,743	-	-	46,861,151	(46,861,151)	58,440,442
Interest and Fees on Debt	(7,980,888)	-	-	-	-	-	(7,980,888)
Other Nonoperating Revenues (Expenses)	18,100,790	(7,516,648)	-	15,950	(7,096,784)	7,074,784	10,578,092
Net Nonoperating Revenues	331,870,453	16,056,730	-	15,950	39,764,367	(39,786,367)	347,921,133
Capital Contributions	22,347,870	-	611,792	-	-	-	22,959,662
Additions to Endowments	4,862,114	4,909,202	-	-	-	-	9,771,316
Total Other Revenues	27,209,984	4,909,202	611,792	-	-	-	32,730,978
Increase in Net Position	105,600,158	20,762,080	611,792	(234)	38,069,900	(38,146,779)	126,896,917
NET POSITION							
Net Position, July 1, 2023 (As Restated)	630,611,293	198,617,764	27,841,486	4,838,389	392,095,537	(392,363,618)	861,640,851
Net Position, June 30, 2024	$ 736,211,451	$ 219,379,844	$ 28,453,278	$ 4,838,155	$ 430,165,437	$ (430,510,397)	$ 988,537,768

Condensed Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2024

	University	UNCG Excellence Foundation	Capital Facilities Foundation	UNCG Investment Fund	Eliminations	Total
Net Cash Provided (Used) by Operating Activities	$ (234,835,617)	$ 1,042,194	$ (76,524)	$ -	$ -	$ (233,869,947)
Net Cash Provided by Noncapital Financing Activities	295,745,980	154,666	-	-	-	295,900,646
Net Cash Provided (Used) by Capital Financing and Related Financing Activities	(29,569,168)	-	135,658	-	-	(29,433,510)
Net Cash Provided (Used) by Investing Activities	3,876,458	(3,150,617)	15,950	(568,817)	568,817	741,791
Net Increase (Decrease) in Cash and Cash Equivalents	35,217,653	(1,953,757)	75,084	(568,817)	568,817	33,338,980
Cash and Cash Equivalents, July 1, 2023	175,436,772	6,685,619	3,972,852	802,083	(802,083)	186,095,243
Cash and Cash Equivalents, June 30, 2024	$ 210,654,425	$ 4,731,862	$ 4,047,936	$ 233,266	$ (233,266)	$ 219,434,223

Note 19 - Changes in Financial Accounting and Reporting

For the fiscal year ended June 30, 2024, the University implemented the following pronouncement issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 100, Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62

GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. It defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity, and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for each type of accounting change and error corrections, and requires disclosure in the notes to the financial statements of descriptive information about accounting changes and error corrections, such as their nature. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information.

Note 20 - Net Position Restatements

As of July 1, 2023, net position as previously reported was restated as follows:

	Amount
July 1, 2023 Net Position as Previously Reported	$ 828,705,817
Restatements related to Changes in Accounting Principles:	
GASB Implementation Guide 2021-1 Question 5.1 Grouped Assets	29,744,200
Bond Premium Calculation Method	3,190,834
July 1, 2023 Net Position as Restated	$ 861,640,851

Effective July 1, 2023, the University implemented a preferred accounting principle for calculating bond premiums. The change to the effective interest rate to maturity method will improve the accuracy of financial reporting under GASB Statement No. 62. Previously, the University used the proportionate-to-stated interest method. This implementation required the restatement of beginning balances as of July 1, 2023, and is reflected in the noncurrent long-term liabilities, net account on the Statement of Net Position.

Note 21 - Subsequent Event

On October 24, 2024, the University issued $15,160,000 in General Revenue Refunding Bonds, Series 2024B with an average interest rate of 3.61%. The bonds were issued for a current refunding of $15,000,000 of outstanding General Revenue Bonds Series 2014 with an average interest rate of 4.00%. The refunding was undertaken to reduce total debt service payments by $593,639 over the next 15 years and resulted in an economic gain of $463,970.

Required Supplementary Information

The University of North Carolina at Greensboro
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan
*Last Ten Fiscal Years**

Exhibit C-1

Teachers' and State Employees' Retirement System	**2024**	**2023**	**2022**	**2021**	**2020**
Proportionate Share Percentage of Collective Net Pension Liability	0.50679%	0.52401%	0.54064%	0.53045%	0.53007%
Proportionate Share of TSERS Collective Net Pension Liability	$ 84,491,943	$ 77,774,811	$ 25,316,014	$ 64,088,953	$ 54,952,129
Covered Payroll	$ 91,793,329	$ 89,462,429	$ 90,134,827	$ 90,274,161	$ 89,253,161
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	92.05%	86.94%	28.09%	70.99%	61.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.97%	84.14%	94.86%	85.98%	87.56%

	2019	**2018**	**2017**	**2016**	**2015**
Proportionate Share Percentage of Collective Net Pension Liability	0.50654%	0.48830%	0.47757%	0.49801%	0.53027%
Proportionate Share of TSERS Collective Net Pension Liability	$ 50,431,573	$ 38,743,875	$ 43,893,616	$ 18,352,655	$ 6,216,997
Covered Payroll	$ 82,332,739	$ 77,751,073	$ 74,256,427	$ 73,915,822	$ 75,983,103
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	61.25%	49.83%	59.11%	24.83%	8.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.61%	89.51%	87.32%	94.64%	98.24%

Note: Information is presented for all years that were measured in accordance with the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* , as amended.

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

The University of North Carolina at Greensboro
Required Supplementary Information
Schedule of University Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan
Last Ten Fiscal Years — *Exhibit C-2*

Teachers' and State Employees' Retirement System	2024	2023	2022	2021	2020
Contractually Required Contribution	$ 16,546,762	$ 15,953,681	$ 14,653,946	$ 13,321,927	$ 11,708,559
Contributions in Relation to the Contractually Determined Contribution	16,546,762	15,953,681	14,653,946	13,321,927	11,708,559
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 93,802,503	$ 91,793,329	$ 89,462,429	$ 90,134,827	$ 90,274,161
Contributions as a Percentage of Covered Payroll	17.64%	17.38%	16.38%	14.78%	12.97%

	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 10,969,213	$ 8,875,469	$ 7,759,557	$ 6,794,463	$ 6,763,298
Contributions in Relation to the Contractually Determined Contribution	10,969,213	8,875,469	7,759,557	6,794,463	6,763,298
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 89,253,161	$ 82,332,739	$ 77,751,073	$ 74,256,427	$ 73,915,822
Contributions as a Percentage of Covered Payroll	12.29%	10.78%	9.98%	9.15%	9.15%

Note: Changes of benefit terms, methods, and assumptions are presented in the Notes to Required Supplementary Information (RSI) schedule following the pension RSI tables.

The University of North Carolina at Greensboro
Notes to Required Supplementary Information
Schedule of University Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan
For the Fiscal Year Ended June 30, 2024

Changes of Benefit Terms:

Cost of Living Increase

Teachers' and State Employees' Retirement System	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
	N/A	N/A	N/A	N/A	N/A	1.00%	N/A	N/A	N/A	1.00%

Beginning in fiscal year 2015, with the implementation of GASB Statement No. 68, the above table reflects Cost of Living Adjustments (COLA) in the period of the legislative session or Board of Trustees meeting when it was passed. The COLA is effective as of July 1 of that period and the fiscal year end plan liability is affected at June 30 of that year because the COLA is included in the actuarial assumptions used to calculate the plan net pension liability.

Effective July 1, 2017, the definition of law enforcement officer related to TSERS members was changed by the General Assembly to include Probation/Parole officers for retirement benefit purposes. The change includes officers with respect to service rendered on or after July 1, 2017, and provides for unreduced retirement at age 55 with five years of service as a law enforcement officer or reduced retirement at age 50 with 15 years of service as a law enforcement officer.

Effective July 1, 2017, retirees and beneficiaries of deceased retirees receiving benefits from the TSERS as of July 1, 2016, received a 1% cost-of-living adjustment. Retirees and beneficiaries of retirees with retirement effective dates between July 1, 2016 and before June 30, 2017 received a prorated amount. These benefit enhancements reflect legislation enacted by the North Carolina General Assembly.

In December 2021 for the fiscal year ended June 30, 2022, retirees and beneficiaries of deceased retirees receiving benefits from the TSERS as of September 1, 2021, received a one-time cost-of-living supplement payment, equal to 2% of the beneficiary's annual retirement allowance.

Benefit recipients of the TSERS received a one-time benefit supplement payment equal to 4% of the member's annual benefit amount, paid in October 2022, as granted by the North Carolina General Assembly for the fiscal year ended June 30, 2023. The one-time supplement does not change the ongoing monthly benefits, and absent additional action by governing authorities, the payments will not recur in future years.

Benefit recipients of the TSERS will receive a one-time benefit supplement payment equal to 4% of the member's annual benefit amount, paid in November 2023, as granted by the North Carolina General Assembly for the fiscal year ended June 30, 2024. The one-time supplement does not change the ongoing monthly benefits, and absent additional action by governing authorities, the payments will not recur in future years.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions: An actuarial valuation is performed for each year for the plan. The actuarially determined contribution rates in the Schedule of University Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning 18 months following the date of the valuation results. See Note 13 for more information on the specific assumptions for the plan. The actuarially determined contributions for those items with covered payroll were determined using the actuarially determined contribution rate from the actuary and covered payroll as adjusted for timing differences and other factors such as differences in employee class. Other actuarially determined contributions are disclosed in the schedule as expressed by the actuary in reports to the plans.

Changes of Assumptions: In January 2021, the actuarial assumptions for the TSERS were updated to more closely reflect actual experience.

In 2020, the North Carolina Retirement Systems' consulting actuaries performed the quinquennial investigation of the TSERS actual demographic and economic experience (known as the "Experience Review"). The Experience Review provides the basis for selecting the actuarial assumptions and methods used to determine plan liabilities and funding requirements. The most recent experience review examined the TSERS experience during the period between January 1, 2015, and December 31, 2019. Based on the findings, the Boards of Trustees of the TSERS adopted a number of new actuarial assumptions and methods. The most notable changes to the assumptions include updates to the mortality tables and mortality improvements. These assumptions were adjusted to be based on the Pub-2010 mortality tables reflecting the mortality projection scale MP-2019, released by the Society of Actuaries in 2019. In addition, the assumed rates of retirement, salary increases, and rates of termination from active employment were updated to more closely reflect actual experience.

The discount rate for the TSERS was lowered from 7.00% to 6.50% effective for the December 31, 2020 valuation, with the resulting effect on minimum actuarially determined employer contribution rates (or amounts) to be gradually recognized over a five-year period beginning July 1, 2022.

The Notes to Required Supplementary Information reflect information included in the State of North Carolina's 2023 *Annual Comprehensive Financial Report*.

N/A - Not Applicable

The University of North Carolina at Greensboro
Required Supplementary Information
Schedule of the Proportionate Share of the Net OPEB Liability or Asset
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans

*Last Eight Fiscal Years**

Retiree Health Benefit Fund	2024	2023	2022	2021	2020
Proportionate Share Percentage of Collective Net OPEB Liability	0.97169%	1.00625%	1.03226%	1.02177%	1.00445%
Proportionate Share of Collective Net OPEB Liability	$ 258,929,809	$ 238,952,914	$ 319,128,934	$ 283,448,805	$ 317,803,677
Covered Payroll	$ 191,143,992	$ 190,310,902	$ 191,358,077	$ 192,465,985	$ 189,195,782
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	135.46%	125.56%	166.77%	147.27%	167.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	10.73%	10.58%	7.72%	6.92%	4.40%

	2019	2018	2017
Proportionate Share Percentage of Collective Net OPEB Liability	0.94867%	0.89477%	1.01384%
Proportionate Share of Collective Net OPEB Liability	$ 270,258,283	$ 293,363,921	$ 441,054,860
Covered Payroll	$ 175,091,258	$ 164,567,614	$ 155,819,092
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	154.35%	178.26%	283.06%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.40%	3.52%	2.41%

The University of North Carolina at Greensboro
Required Supplementary Information
Schedule of the Proportionate Share of the Net OPEB Liability or Asset
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
*Last Eight Fiscal Years**

Exhibit C-3

Disability Income Plan of North Carolina	**2024**	**2023**	**2022**	**2021**	**2020**
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	0.95901%	1.01510%	1.03122%	1.04657%	1.02502%
Proportionate Share of Collective Net OPEB Liability (Asset)	$ 255,058	$ 301,972	$ (168,439)	$ (514,850)	$ (442,296)
Covered Payroll	$ 191,143,992	$ 190,310,902	$ 191,358,077	$ 192,465,985	$ 189,195,782
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.13%	0.16%	0.09%	0.27%	0.23%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	90.61%	90.34%	105.18%	115.57%	113.00%

	2019	**2018**	**2017**
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	0.98159%	0.95710%	0.90534%
Proportionate Share of Collective Net OPEB Liability (Asset)	$ (298,168)	$ (584,980)	$ (562,216)
Covered Payroll	$ 175,091,258	$ 164,567,614	$ 155,819,092
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.17%	0.36%	0.36%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	108.47%	116.23%	116.06%

Note: Information is presented for all years that were measured in accordance with the requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended.

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

The University of North Carolina at Greensboro
Required Supplementary Information
Schedule of University Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans

Exhibit C-4

Last Ten Fiscal Years

Retiree Health Benefit Fund	**2024**	**2023**	**2022**	**2021**	**2020**
Contractually Required Contribution	$ 13,781,881	$ 13,169,821	$ 11,970,556	$ 12,782,720	$ 12,452,549
Contributions in Relation to the Contractually Determined Contribution	13,781,881	13,169,821	11,970,556	12,782,720	12,452,549
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 193,023,545	$ 191,143,992	$ 190,310,902	$ 191,358,077	$ 192,465,985
Contributions as a Percentage of Covered Payroll	7.14%	6.89%	6.29%	6.68%	6.47%

	2019	**2018**	**2017**	**2016**	**2015**
Contractually Required Contribution	$ 11,862,576	$ 10,593,021	$ 9,561,378	$ 8,725,869	$ 8,421,927
Contributions in Relation to the Contractually Determined Contribution	11,862,576	10,593,021	9,561,378	8,725,869	8,421,927
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 189,195,782	$ 175,091,258	$ 164,567,614	$ 155,819,092	$ 153,404,858
Contributions as a Percentage of Covered Payroll	6.27%	6.05%	5.81%	5.60%	5.49%

Disability Income Plan of North Carolina	2024	2023	2022	2021	2020
Contractually Required Contribution	$ 212,326	$ 191,144	$ 171,280	$ 172,222	$ 192,466
Contributions in Relation to the Contractually Determined Contribution	212,326	191,144	171,280	172,222	192,466
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 193,023,545	$ 191,143,992	$ 190,310,902	$ 191,358,077	$ 192,465,985
Contributions as a Percentage of Covered Payroll	0.11%	0.10%	0.09%	0.09%	0.10%

	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 264,874	$ 245,128	$ 625,357	$ 638,858	$ 628,960
Contributions in Relation to the Contractually Determined Contribution	264,874	245,128	625,357	638,858	628,960
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 189,195,782	$ 175,091,258	$ 164,567,614	$ 155,819,092	$ 153,404,858
Contributions as a Percentage of Covered Payroll	0.14%	0.14%	0.38%	0.41%	0.41%

Note: Changes of benefit terms, methods, and assumptions are presented in the Notes to Required Supplementary Information (RSI) schedule following the OPEB RSI tables.

Changes of Benefit Terms: Effective January 1, 2016, benefit terms related to copays, out-of-pocket maximums, and deductibles were changed for three of five options of the Retiree Health Benefit Fund (RHBF). Most of the changes were an increase in the amount from the previous year.

Effective January 1, 2017, benefit terms related to copays, coinsurance maximums, out-of-pocket maximums, and deductibles were changed for two of five options of the RHBF. Most of the changes were an increase in the amount from the previous year.

Effective January 1, 2019, benefit terms related to copays, out-of-pocket maximums, and deductibles were changed for one of four options of the RHBF. Out-of-pocket maximums increased while certain specialist copays decreased related to option benefits.

Effective January 1, 2020, benefit terms related to copays, out-of-pocket maximums, and deductibles were changed for the 70/30 PPO option of the RHBF. Only the copays were adjusted for 80/20 PPO option of the RHBF.

Effective January 1, 2021, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

Effective January 1, 2022, the structure of employer contributions to the RHBF was altered by legislation. Previously, non-Medicare-eligible retirees had the same employer contribution rate as active employees. As a result of the legislative change, non-Medicare-eligible retirees have the same employer contribution rate as Medicare-eligible retirees.

Beginning with the Disability Income Plan of North Carolina (DIPNC) actuarial valuation as of December 31, 2017, the valuation included a liability for the State's potential reimbursement of costs incurred by employers for income benefits and health insurance premiums during the second six months of the first year of employee's short-term disability benefit period. Effective with the actuarial valuation as of December 31, 2021, this liability was removed from the actuarial valuation because the reimbursement from DIPNC was eliminated for disabilities occurring on or after July 1, 2019.

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: An actuarial valuation is performed for each plan each year. The actuarially determined contribution rates in the Schedule of University Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning six months preceding the date of the valuation results for the RHBF. The actuarially determined contribution rates in the Schedule of University Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning 18 months following the date of the valuation results for the DIPNC. See Note 14 for more information on the specific assumptions for each plan. The actuarially determined contributions were determined using the actuarially determined contribution rate from the actuary and covered payroll as adjusted for timing differences and other factors such as differences in employee class. Other actuarially determined contributions are disclosed in the schedule as expressed by the actuary in reports to the plans.

Changes of Assumptions: Consistent with prior years, for the actuarial valuation measured as of June 30, 2023 for the RHBF, a number of actuarial assumptions were reviewed and updated. The discount rate for the RHBF was updated to 3.65%, from 3.54% as of June 30, 2022. This update was to reflect the Bond Buyer 20-year General Obligation Index as of fiscal year end. Medical and prescription drug claims costs were changed based on most recent experience, and medical and prescription drug trend rates were changed to the current schedule. Enrollment assumptions were updated to model expected migrations among RHBF plan options over the next five years. The expected impact from the Inflation Reduction Act on assumed Medicare Advantage rates was included. The terms of the Pharmacy Benefits Management contract effective January 1, 2023 and the terms of the third party administrator contract effective January 1, 2025 were incorporated in the valuation.

For the actuarial valuation measured as of June 30, 2023 for DIPNC, the discount rate was updated to 3.00%, from 3.08% as of June 30, 2022. This was a result of an update to reflect the Bond Buyer 20-year General Obligation Index as of fiscal year end, combined with a change in the degree to which the plan's fiduciary net position was projected to be available to make all projected future benefit payments to the current plan members.

In 2020, the North Carolina Retirement Systems' consulting actuaries performed the quinquennial investigation of each retirement system's actual demographic and economic experience (known as the "Experience Review"). The Experience Review provides the basis for selecting the actuarial assumptions and methods used to determine plan liabilities and funding requirements. The most recent experience review examined each plan's experience during the period between January 1, 2015, and December 31, 2019. Based on the findings, the Boards of Trustees of the TSERS and the Committee on Actuarial Valuation of Retired Employees' Health Benefits adopted a number of new actuarial assumptions and methods for the RHBF and the DIPNC. The most notable changes to the assumptions include updates to the mortality tables and mortality improvements. These assumptions were adjusted to be based on the Pub-2010 mortality tables reflecting the mortality projection scale MP-2019, released by the Society of Actuaries in 2019. In addition, the assumed rates of retirement, salary increases, and rates of termination from active employment were updated to more closely reflect actual experience. Also in 2020, disability rates were adjusted to the non-grandfathered assumptions used in the TSERS actuarial valuation to better align with the anticipated incidence of disability.

For the DIPNC actuarial valuation as of December 31, 2018, for individuals who may become disabled in the future, the Social Security disability income benefit (which is an offset to the DIPNC benefit) was updated to be based on assumed Social Security calculation parameters in the year of the disability. The assumed costs related to the Patient Protection and Affordable Care Act regarding the Health Insurance Provider Fee for the fully insured plans and Excise Tax were removed when those pieces were repealed in December 2019 and first recognized in the 2020 OPEB report.

The Notes to Required Supplementary Information reflect information included in the State of North Carolina's 2023 *Annual Comprehensive Financial*

Independent Auditor’s Report

North Carolina Office of the State Auditor
Jessica N. Holmes, J.D., State Auditor

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Trustees
The University of North Carolina at Greensboro
Greensboro, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of The University of North Carolina at Greensboro (University), a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 19, 2024. Our report includes a reference to other auditors who audited the financial statements of The University of North Carolina at Greensboro Investment Fund, Inc., The UNCG Excellence Foundation, Inc., and the Capital Facilities Foundation, Inc., as described in our report on the University's financial statements. The financial statements of The University of North Carolina at Greensboro Investment Fund, Inc., The UNCG Excellence Foundation, Inc., and the Capital Facilities Foundation, Inc., were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with these entities.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

Jessica N. Holmes, J.D.

Jessica N. Holmes, J.D.
State Auditor

Raleigh, North Carolina

November 19, 2024

Ordering Information

Copies of this report may be obtained by contacting:

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Telephone: 919-807-7500
Fax: 919-807-7647
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To report alleged incidents of fraud, waste or abuse in state government contact the Office of the State Auditor's Tipline:

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Internet: www.auditor.nc.gov/about-us/state-auditors-tipline

For additional information contact the
North Carolina Office of the State Auditor at:

919-807-7666

This audit required 665 hours at an approximate cost of $103,075.