The University of North Carolina at Greensboro

Greensboro, NC

Financial Statement Audit Report

For the Year Ended June 30, 2025

State Auditor
Dave Boliek

A Constitutional Office of the State of North Carolina

North Carolina Office of the State Auditor
Dave Boliek, State Auditor

Auditor's Transmittal

The Honorable Josh Stein, Governor
The Honorable Phil Berger, President Pro Tempore
The Honorable Destin Hall, Speaker of the House
Honorable Members of the North Carolina General Assembly
Board of Trustees, The University of North Carolina at Greensboro
Dr. Franklin D. Gilliam, Jr., Chancellor

With its recognized higher research activity and commitment to providing quality, affordable educational opportunities, the University of North Carolina at Greensboro's impact can be felt across all of North Carolina. The University has a strong economic presence in the Triad, and given its reported revenues of $605.3 million and expenses of $500.6 million, it's important that proper financial controls are maintained.

Through financial audits of universities and colleges, the North Carolina Office of the State Auditor assesses whether the records prepared by schools are materially correct. Our audit of the University of North Carolina at Greensboro's financial records shows no material errors for the year ended June 30, 2025. The audited statements make for a clean opinion and can be relied upon by management.

A clean audit shows commitment toward responsible financial management, and can help an entity grow its relationships with the public and other government entities. I'd like to thank staff and leadership at the University of North Carolina at Greensboro for their assistance and cooperation as we conducted this audit.

Respectfully submitted,

Dave Boliek
State Auditor

REPORT SUMMARY

The University of North Carolina at Greensboro Financial Statement Audit

The Office of the State Auditor (OSA) is required[1] to perform annual financial statement audits at each of the constituent institutions within the University of North Carolina System.

Quick Highlights

Revenues: $605.3 Million

Expenses: $500.6 Million

Audit Results

- The University's financial statements for fiscal year ended June 30, 2025 are **accurate** and **reliable**.
- Our audit found **no material weaknesses in internal controls or instances of reportable noncompliance**.

Audit Purpose & Importance

Provide an opinion on whether the University's financial statements are materially correct and, if necessary, report any internal control weaknesses or noncompliance with laws and regulations.

The annual financial statement audit serves a vital role in promoting transparency, accountability, and trust in the University's financial operations.

While a formal process, the audit's impact extends to many members of the public, including:

- Students and families depend on financial stability to support access to quality education, scholarships, and services.
- Citizens and public officials expect responsible reporting of public funds and grants.
- Donors and alumni rely on accurate financial reporting to ensure contributions are used as intended.
- Faculty, staff, and administrators count on financial health to sustain programs, research, and long-term planning.
- Accrediting bodies and regulators use audited financial statements to assess compliance and viability.

Reports

The University's financial statement audit reports are available on our website at this link.

Please review the report to fully understand the University's overall financial health and our reporting responsibilities.

A "clean" audit opinion supports public trust and demonstrates the University's commitment to responsible financial stewardship, assuring stakeholders that resources are being managed to fulfill the institution's mission.

[1] North Carolina General Statute 116-30.8

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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

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, 2025, 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, 2025, 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 13.95 percent and 3.37 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 14.73 percent and 5.67 percent, respectively, of the assets and revenues of the business-type activities; nor the Capital Facilities Foundation, Inc., which represent 0.75 percent of the assets 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 11, 2025 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.

Dave Boliek
State Auditor

Raleigh, North Carolina

November 11, 2025

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, 2025. 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, 2025, a change in accounting principle resulting from Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, affected the University's reporting of earned leave. This change required a restatement of long-term liabilities for fiscal year 2024. See Note 20 for 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 2024 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 Governmental Accounting Standards Board (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. During the 2025 fiscal year, the external participant redeemed its interest, withdrew all funds, and is no longer an external participant. This resulted in the closing of the University's fiduciary custodial fund. 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. 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

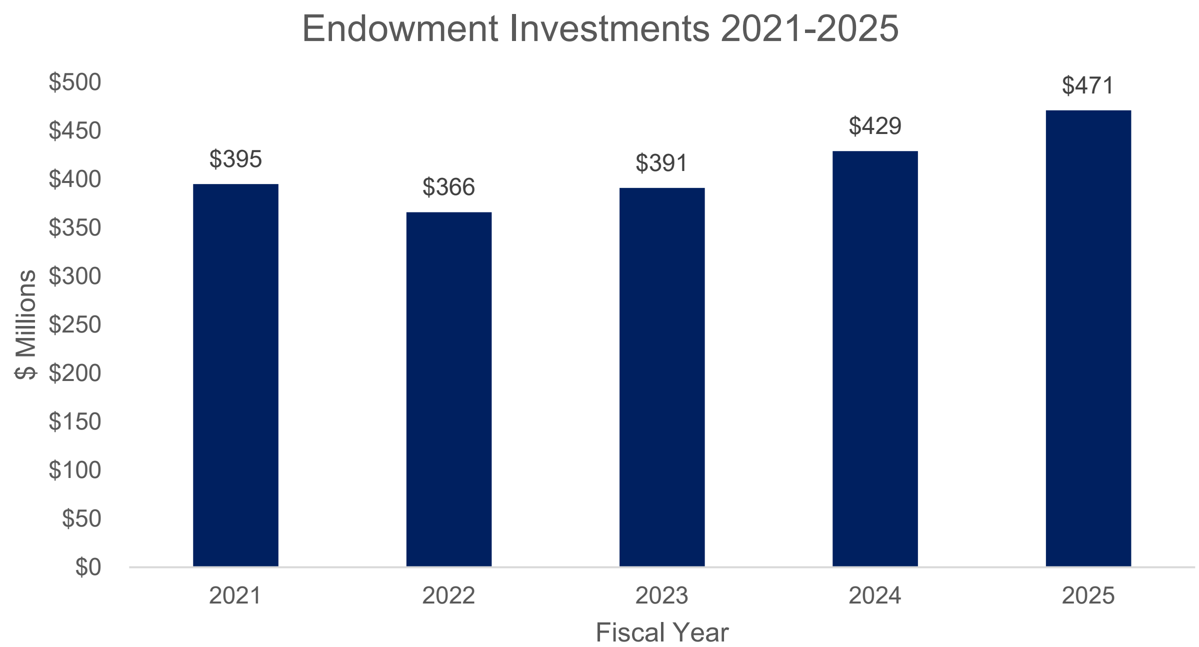
	6/30/2025	6/30/2024	Dollar Change	Percent Change
Assets				
Current Assets	$ 338,259,742	$ 233,398,944	$ 104,860,798	44.9%
Noncurrent Capital Assets,				
Net of Accumulated Depreciation/Amortization	839,021,710	828,912,648	10,109,062	1.2%
Other Noncurrent Assets	533,498,797	570,674,330	(37,175,533)	(6.5%)
Total Assets	1,710,780,249	1,632,985,922	77,794,327	4.8%
Deferred Outflows of Resources				
Deferred Loss on Refunding	3,378,408	3,438,370	(59,962)	(1.7%)
Deferred Outflows Related to Pensions	34,733,708	50,314,142	(15,580,434)	(31.0%)
Deferred Outflows Related to OPEB	96,514,690	56,390,283	40,124,407	71.2%
Total Deferred Outflows of Resources	134,626,806	110,142,795	24,484,011	22.2%
Liabilities				
Current Liabilities	52,644,092	57,884,925	(5,240,833)	(9.1%)
Long-Term Liabilities, Net	625,133,384	602,699,185	22,434,199	3.7%
Other Noncurrent Liabilities	3,094,157	3,331,346	(237,189)	(7.1%)
Total Liabilities	680,871,633	663,915,456	16,956,177	2.6%
Deferred Inflows of Resources				
Deferred Gain on Refunding	2,593,416	2,702,881	(109,465)	(4.0%)
Deferred Inflows for Irrevocable Split-Interest Agreements	51,552	91,552	(40,000)	(43.7%)
Deferred Inflows Related to Pensions	1,589,100	1,888,913	(299,813)	(15.9%)
Deferred Inflows Related to OPEB	63,891,807	84,285,185	(20,393,378)	(24.2%)
Deferred Inflows Related to Leases	1,245,235	1,706,962	(461,727)	(27.0%)
Total Deferred Inflows of Resources	69,371,110	90,675,493	(21,304,383)	(23.5%)
Net Position				
Net Investment in Capital Assets	589,459,573	565,629,988	23,829,585	4.2%
Restricted - Nonexpendable	214,450,783	199,145,127	15,305,656	7.7%
Restricted - Expendable	334,354,458	296,135,211	38,219,247	12.9%
Unrestricted	(43,100,502)	(72,372,558)	29,272,056	(40.4%)
Total Net Position	$ 1,095,164,312	$ 988,537,768	$ 106,626,544	10.8%

Assets

Total assets of the University increased by $77.8 million over the prior year. This increase is primarily the combination of a $104.9 million increase in current assets offset by a $37.2 million decrease in noncurrent assets.

Current assets increased due to a $115.5 million increase in cash and cash equivalents (unrestricted and restricted) and a $11.2 million decrease in receivables. The increase in cash and cash equivalents is primarily due to U.S. Treasury Bills maturing during the fiscal year. The decrease in receivables is due to a significant reduction in federal funding after the U.S. Department of Education discontinued grants, specifically supporting Research & Engagement.

Other Noncurrent assets decreased due to a $42.2 million increase in endowment investments and a $81.6 million decrease in other investments. The increase in endowment investments is primarily due to a substantial increase in realized gains on the sale of investments resulting from increases in the financial market during the fiscal year. The decrease in other investments is due to the combination of current year gains offset by investments in U.S. Treasury Bills reaching maturity. The change in endowment investments over the last five fiscal years is shown in the graph below.



Liabilities

Total liabilities of the University increased by $17.0 million as of June 30, 2025. Included within this change, net long-term liabilities increased by $22.4 million while current liabilities decreased by $5.2 million.

Current liabilities decreased by $5.2 million primarily as a result of fewer year end transactions related to contract and grants compared to prior year due to decreased federal funding for contracts and grants as a whole.

The net long-term liabilities increased by $22.4 million primarily due to a $54.7 million increase in the net other postemployment benefits (OPEB) liability related to GASB Statement No. 75, net of a $14.7 million in decreases to bonds payable for refinancing of debt in fiscal year 2025, along with the annual principal payments of pre-existing debt, and a $11.9 million decrease in net pension liability. 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 2025. 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 2025, in accordance with GASB Statement No. 68. The overall net pension liability for the State of North Carolina decreased in fiscal year 2025, thus the University's Statement of Net Position reflects a similar decrease 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.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources increased by $24.5 million due to $40.1 million increase in deferred outflows related to OPEB offset by $15.6 million decrease in deferred outflows related to pensions which represent the University's contributions to these plans during the fiscal year, the proportionate share of the accumulated difference between projected and actual earnings on OPEB and pension plan investments, changes in actuarial assumptions, and changes between employer contributions and the proportionate share of contributions for each plan.

Deferred inflows of resources decreased by $21.3 million primarily due to the $20.4 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 13 and 14 of the notes to the financial statements for details).

Net Position

Total net position increased by $106.6 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 $23.8 million during fiscal year 2025, primarily due to ongoing construction activity. There were no significant projects completed during the year.

Restricted nonexpendable net position increased by $15.3 million and represents endowed gifts received and invested during the year.

Restricted expendable net position increased by $38.2 million primarily due to increase in the value of endowment investments and commitments on construction projects.

The University's unrestricted net position reflects the impact of GASB Statement No. 68 and GASB Statement No. 75 reporting requirements, which incorporate the University's proportionate share of the State's Pension and Retiree Health Benefit plans. These adjustments increased unrestricted net position as of June 30, 2025. Refer to Note 10 - Net Position for additional information.

Unrestricted net position before the recognition of the proportionate share of the State plans was $277.8 million, up $27.0 million over the prior year. This amount represents unrestricted funds held by the University and the blended component units of the University. Refer to assets section above for discussion of increases related to unrestricted cash that impacted this account.

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

	6/30/2025	6/30/2024	Dollar Change	Percent Change
Operating Revenues				
Student Tuition and Fees, Net	$ 69,885,245	$ 96,429,819	$ (26,544,574)	(27.5%)
Grants and Contracts	49,775,473	59,007,070	(9,231,597)	(15.6%)
Sales and Services, Net	76,451,104	54,762,637	21,688,467	39.6%
Interest Earnings on Loans	38,079	67,826	(29,747)	(43.9%)
Other Operating Revenues	2,471,669	1,895,709	575,960	30.4%
Total Operating Revenues	198,621,570	212,163,061	(13,541,491)	(6.4%)
Operating Expenses				
Salaries and Benefits	302,523,608	294,653,858	7,869,750	2.7%
Supplies and Services	100,607,771	95,658,789	4,948,982	5.2%
Scholarships and Fellowships	32,519,124	29,874,508	2,644,616	8.9%
Utilities	10,515,399	9,769,569	745,830	7.6%
Depreciation/Amortization	37,200,381	35,961,531	1,238,850	3.4%
Total Operating Expenses	483,366,283	465,918,255	17,448,028	3.7%
Operating Loss	(284,744,713)	(253,755,194)	(30,989,519)	12.2%
Nonoperating Revenues (Expenses)				
State Appropriations	208,500,597	208,723,967	(223,370)	(0.1%)
Student Financial Aid	77,567,926	65,108,154	12,459,772	19.1%
Federal Aid - COVID-19	-	531	(531)	(100.0%)
Noncapital Contributions	32,393,566	13,051,366	19,342,200	148.2%
Investment Income, Net	54,739,205	58,440,442	(3,701,237)	(6.3%)
Interest and Fees on Debt	(9,193,130)	(7,980,888)	(1,212,242)	15.2%
Other Nonoperating Revenues (Expenses)	(8,083,799)	10,577,561	(18,661,360)	(176.4%)
Net Nonoperating Revenues	355,924,365	347,921,133	8,003,232	2.3%
Income Before Other Revenues	71,179,652	94,165,939	(22,986,287)	(24.4%)
Other Revenues				
Capital Contributions	16,584,041	22,959,662	(6,375,621)	(27.8%)
Additions to Endowments	16,905,689	9,771,316	7,134,373	73.0%
Total Other Revenues	33,489,730	32,730,978	758,752	2.3%
Increase in Net Position	104,669,382	126,896,917	(22,227,535)	(17.5%)
Net Position - July 1, as Restated	990,494,930	861,640,851	128,854,079	15.0%
Net Position - June 30	$ 1,095,164,312	$ 988,537,768	$ 106,626,544	10.8%
Reconciliation of Changes in Net Position				
Total Revenues	$ 605,312,594	$ 600,796,060	$ 4,516,534	0.8%
Less: Total Expenses	500,643,212	473,899,143	26,744,069	5.6%
Increases in Net Position	$ 104,669,382	$ 126,896,917	$ (22,227,535)	(17.5%)

The Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in net position of $104.7 million at the end of the year. Total revenues for the fiscal year were $605.3 million, an increase of $4.5 million (0.8%) from the prior year. Total expenses were $500.6 million, an increase of $26.7 million (5.6%) from the prior year. Highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Position are as follows:

- Overall operating revenues decreased by $13.5 million (6.4%) compared to the prior year. For fiscal year 2025, the University changed its accounting estimate related to tuition discounting. The change in methodology occurred due to the National Association of College and University Business Offices (NACUBO) issuance of Advisory Report 2023-01, *Public Institutions: Accounting for and Reporting Financial Aid*. The University utilized the alternative method in previous years, but during fiscal year 2025 the University changed its methodology to allocate scholarship discounts based on the actual application of payments. The change in accounting estimate affects sales and services, net, student tuition and fees, net, and scholarships and fellowships. The change was made to the statements for fiscal year 2025, primarily contributing to a decrease in tuition and fees, net of $26.5 million (27.5%), an increase in sales and services, net of $21.7 million (39.6%), and an increase in scholarships and fellowships of $2.6 million (8.9%). There was also a decrease of $9.2 million in grants and contracts primarily due to the reduction in federal funding. Refer to the Assets section above for further details.

- Overall operating expenses increased by $17.4 million (3.7%) compared to the prior year. This increase is primarily in the salaries and benefits category, $7.9 million (2.7%), due to the change in pension and OPEB expenses provided in Note 13 and 14 of the notes to the financial statements, and due to a 3% legislative salary increase. Supplies and services also had an increase of $4.9 million that was primarily due to an increase in the University's bad debt expense.

- Net nonoperating revenues increased by $8.0 million (2.3%). The primary driver of this increase is noncapital contributions, which increased by $19.3 million (148.2%) compared to the prior year. Noncapital contributions increased primarily due to $11.0 million in funds earned from the State Fiscal Recovery Reserve pursuant to S.L. 2023-134, Sec. 4.8A. Additionally, as part of the Healthcare Workforce Programs Expansion Initiative, the School of Nursing received $2.4 million during fiscal year 2025. Student financial aid increased by $12.5 million (19.1%) primarily related to the impact of expanding Pell grant eligibility to a larger percentage of students which resulted in more students applying for and receiving aid. Lastly, other nonoperating revenues (expenses) changed by $18.7 million primarily due to the recognition of earned revenue from the direct placement General Revenue Refunding Bonds, Series 2024 bond issuance during the prior fiscal year. Further, $7.2 million was recorded as part of other nonoperating expenses to reflect the pass-through of state funds to Spartan Strategies, Inc.

- Other revenues consist of capital contributions and additions to endowments. The University received capital grants of $16.6 million during fiscal year 2025 for various repair and renovation projects across the campus. The University received $16.9 million in endowment gifts during the fiscal year which was a substantial increase of $7.1 million over the prior fiscal year.

Capital Assets and Debt Administration

During fiscal year 2025, there were no significant projects completed. Major projects included in construction in progress consist of $13.1 million for the Campus Water Chiller Infrastructure, $12.4 million for the Jackson Library Renovation, $8.7 million for the Phillips-Hawkins and

Moore-Strong Residence Halls HVAC Replacement project, and $3.9 million for the Taylor Theatre Renovation.

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 and 8 in the notes to the financial statements.

Economic and Strategic Outlook

For the Fall of 2025, the University continued to experience strong enrollment, with 18,682 students enrolled, a 3.7% increase over prior year. This marks the highest level of student enrollment since 2021, reflecting stabilization of enrollment levels compared to recent years. Student credit hours, which are a key determinant of state enrollment funding, saw a corresponding increase of 4.3%. The University increased first-time enrollment by 7.1%, reversing the 6.9% decline in the prior year, transfer student enrollment increased 5.2%, the highest since 2019, and graduate enrollment increased 6.1%, the highest since 2021.

The University will continue to strengthen its research infrastructure, supporting faculty scholarship, fostering a vibrant scholarly environment, and generating significant community impact. During the fiscal year, the University transitioned its outsourced chief investment officer (OCIO) from Cambridge Associates Resources, LLC to BlackRock, with Northern Trust as custodian. The transition included reallocating certain holdings; overall results also reflected favorable market performance. 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, 2025

Exhibit A-1

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	246,126,435
Restricted Cash and Cash Equivalents		47,675,116
Short-Term Investments		543,615
Restricted Short-Term Investments		9,839,611
Receivables, Net (Note 5)		31,709,245
Inventories		499,720
Notes Receivable, Net (Note 5)		218,598
Leases Receivable (Note 9)		405,197
Prepaid Assets		1,242,205
Total Current Assets		338,259,742
Noncurrent Assets:		
Restricted Cash and Cash Equivalents		37,226,822
Pledges Receivable		6,029,396
Endowment Investments		471,196,086
Other Investments		17,004,560
Notes Receivable, Net (Note 5)		544,281
Leases Receivable (Note 9)		885,520
Net Other Postemployment Benefits Asset		301,431
Prepaid Assets		310,701
Capital Assets - Nondepreciable (Note 6)		123,702,409
Capital Assets - Depreciable, Net (Note 6)		715,319,301
Total Noncurrent Assets		1,372,520,507
Total Assets		1,710,780,249
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding		3,378,408
Deferred Outflows Related to Pensions		34,733,708
Deferred Outflows Related to Other Postemployment Benefits (Note 14)		96,514,690
Total Deferred Outflows of Resources		134,626,806
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 7)		17,685,016
Deposits Payable		623,510
Funds Held for Others		130,900
Unearned Revenue		9,286,864
Interest Payable		2,528,832
Long-Term Liabilities - Current Portion (Note 8)		22,388,970
Total Current Liabilities		52,644,092

The University of North Carolina at Greensboro
Statement of Net Position
Proprietary Fund
June 30, 2025

Noncurrent Liabilities:	
Accounts Payable and Accrued Liabilities (Note 7)	1,201,304
Funds Held for Others	379,256
U.S. Government Grants Refundable	1,513,597
Long-Term Liabilities, Net (Note 8)	625,133,384
Total Noncurrent Liabilities	628,227,541
Total Liabilities	680,871,633
DEFERRED INFLOWS OF RESOURCES	
Deferred Gain on Refunding	2,593,416
Deferred Inflows for Irrevocable Split-Interest Agreements	51,552
Deferred Inflows Related to Pensions	1,589,100
Deferred Inflows Related to Other Postemployment Benefits (Note 14)	63,891,807
Deferred Inflows for Leases	1,245,235
Total Deferred Inflows of Resources	69,371,110
NET POSITION	
Net Investment in Capital Assets	589,459,573
Restricted:	
Nonexpendable:	
True Endowments	203,376,769
Student Loans and Other	11,074,014
Total Restricted-Nonexpendable Net Position	214,450,783
Expendable:	
Scholarships, Research, Instruction, and Other	291,281,261
Capital Projects	43,068,730
Debt Service	4,467
Total Restricted-Expendable Net Position	334,354,458
Unrestricted	(43,100,502)
Total Net Position	$ 1,095,164,312

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, 2025

Exhibit A-2

OPERATING REVENUES		
Student Tuition and Fees, Net (Note 11)	$	69,885,245
Federal Grants and Contracts		39,293,762
State and Local Grants and Contracts		5,284,795
Nongovernmental Grants and Contracts		5,196,916
Sales and Services, Net (Note 11)		76,451,104
Interest Earnings on Loans		38,079
Other Operating Revenues		2,471,669
Total Operating Revenues		198,621,570
OPERATING EXPENSES		
Salaries and Benefits		302,523,608
Supplies and Services		100,607,771
Scholarships and Fellowships		32,519,124
Utilities		10,515,399
Depreciation/Amortization		37,200,381
Total Operating Expenses		483,366,283
Operating Loss		(284,744,713)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations		208,500,597
Student Financial Aid		77,567,926
Noncapital Contributions		32,393,566
Investment Income (Net of Investment Expense of $1,754,143)		54,739,205
Interest and Fees on Debt		(9,193,130)
Other Nonoperating Expenses		(8,083,799)
Net Nonoperating Revenues		355,924,365
Income Before Other Revenues		71,179,652
Capital Contributions		16,584,041
Additions to Endowments		16,905,689
Total Other Revenues		33,489,730
Increase in Net Position		104,669,382
NET POSITION		
Net Position - July 1, 2024, as Restated (Note 20)		990,494,930
Net Position - June 30, 2025	$	1,095,164,312

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, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from Customers	$ 198,398,949
Payments to Employees and Fringe Benefits	(305,988,674)
Payments to Vendors and Suppliers	(113,161,741)
Payments for Scholarships and Fellowships	(32,519,124)
Loans Issued	(245,380)
Collection of Loans	193,377
Interest Earned on Loans	38,079
William D. Ford Direct Lending Receipts	73,883,157
William D. Ford Direct Lending Disbursements	(73,883,157)
Related Activity Agency Disbursements	(2,223,750)
Other Payments	(5,129,023)
Net Cash Used by Operating Activities	(260,637,287)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	208,500,597
Student Financial Aid	77,325,763
Noncapital Contributions	29,930,035
Additions to Endowments	16,905,689
Receipts for Annuities and Life Income Payable Under Split-Interest Agreements	32,538
Payments for Annuities and Life Income Payable Under Split-Interest Agreements	(247,088)
Net Cash Provided by Noncapital Financing Activities	332,447,534
CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt	160,000
Capital Contributions	16,431,961
Proceeds from Insurance on Capital Assets	32,917
Proceeds from Lease Arrangements	455,363
Acquisition and Construction of Capital Assets	(41,924,054)
Principal Paid on Capital Debt and Lease/Subscription Liabilities	(19,348,847)
Interest and Fees Paid on Capital Debt and Lease/Subscription Liabilities	(10,286,145)
Net Cash Used by Capital Financing and Related Financing Activities	(54,478,805)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	202,339,845
Investment Income	14,976,261
Purchase of Investments and Related Fees	(123,053,398)
Net Cash Provided by Investing Activities	94,262,708
Net Increase in Cash and Cash Equivalents	111,594,150
Cash and Cash Equivalents - July 1, 2024	219,434,223
Cash and Cash Equivalents - June 30, 2025	$ 331,028,373

The University of North Carolina at Greensboro
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2025

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss	$	(284,744,713)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation/Amortization Expense		37,200,381
Lease Income (Amortized Deferred Inflows of Resources)		(448,970)
Allowances, Write-Offs, and Amortizations		3,817,715
Other Nonoperating Expenses		(7,235,807)
Changes in Assets and Deferred Outflows of Resources:		
Receivables, Net		3,681,298
Inventories		151,653
Prepaid Items		(506,141)
Notes Receivable, Net		32,082
Net Other Postemployment Benefits Asset		(301,431)
Deferred Outflows Related to Pensions		15,580,434
Deferred Outflows Related to Other Postemployment Benefits		(40,124,407)
Changes in Liabilities and Deferred Inflows of Resources:		
Accounts Payable and Accrued Liabilities		(6,372,963)
Funds Held for Others		(2,223,750)
Unearned Revenue		(1,344,842)
Net Pension Liability		(11,866,514)
Net Other Postemployment Benefits Liability		54,779,039
Compensated Absences		23,653
Deposits Payable		(87,400)
Workers' Compensation Liability		46,587
Deferred Inflows Related to Pensions		(299,813)
Deferred Inflows Related to Other Postemployment Benefits		(20,393,378)
Net Cash Used by Operating Activities	$	(260,637,287)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through the Assumption of a Liability	$	12,169,284
Assets Acquired through a Gift		152,080
Change in Fair Value of Investments		(34,371,683)
Loss on Disposal of Capital Assets		(880,909)
Lease and SBITA Terminations		(3,491,611)
Amortization of Bond Premiums		(1,264,085)
Amortization of Deferred Gain Refunding		(109,465)
Amortization of Deferred Loss on Refunding		223,309
Deferred Economic Loss on Refunding		(163,347)
Increase in Receivables Related to Nonoperating Revenues		2,325,759
Decrease in Net Other Postemployment Benefits Liability Related to Noncapital Contributions		(95,491)
Funds Escrowed to Defease Debt		15,000,000

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, 2025

Exhibit B-1

	External Investment Pool Funds[1]
ASSETS	
Investments (Note 2):	
Pooled Investment Funds	$ -
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	-
Total Fiduciary Net Position	$ -

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

[1] The University's fiduciary custodial funds were closed in fiscal year 2025 following full withdrawal of funds by the external participant. See Note 1 for further information.

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, 2025

Exhibit B-2

	External Investment Pool Funds[1]
ADDITIONS	
Investment Activity:	
Investment Loss	$ (129,053)
Investment Expenses	(1,232)
Total Investment Loss	(130,285)
DEDUCTIONS	
Withdrawals and Distributions	652,520
Decrease in Fiduciary Net Position	(782,805)
NET POSITION	
Net Position - July 1, 2024	782,805
Net Position - June 30, 2025	$ -

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

[1] The University's fiduciary custodial funds were closed in fiscal year 2025 following full withdrawal of funds by the external participant. See Note 1 for further information.

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 28-member board consisting of two ex officio directors and 26 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 25-member board consisting of five ex officio directors and 20 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, The Associated Campus Ministries of The University of North Carolina at Greensboro, withdrew all funds during fiscal year 2025. The Fund is governed by an 11-member board consisting of five ex officio directors and six 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. 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. During the 2025 fiscal year, the external participant redeemed its interest, withdrew all funds, and is no longer an external participant. This resulted in the closing of the University's fiduciary custodial fund.

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. 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 two or more years. In addition, grouped acquisitions of machinery and equipment that have an estimated useful life of two or more years 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: arbitrage rebate payable, 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 2024 *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 2024 *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. 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 accrues a liability for earned leave that carries over to future periods and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. When determining the liability, leave is considered taken on a last in, first out (LIFO) basis.

Vacation Leave - Leave policies vary by employee group. For employees exempt from the State Human Resource Act, vacation is earned through the annual or personal leave programs established by the University of North Carolina Board of Governors. Leave is earned monthly and is subject to a maximum accumulated unused amount as of the end of each calendar year. The maximum amounts and the ability to convert amounts over the maximum to sick leave vary based on the program.

Bonus Leave - Bonus leave includes 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 to 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.

Sick Leave - Sick leave is earned monthly by eligible employees. The policy provides for the accumulation of unused sick leave to be carried forward until used. When employment is terminated, unused leave is forfeited or used to increase a member's creditable service for employees participating in the North Carolina Teachers' and State Employees' Retirement System (TSERS). Based on a historical analysis of sick leave taken compared to sick leave earned, the liability for unused sick leave using the LIFO method was determined to be insignificant. Therefore, no sick leave liability is recognized on the financial statements.

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. During the 2025 fiscal year, the external participant redeemed its interest, withdrew all funds, and is no longer an external participant. This resulted in the closing of the University's fiduciary custodial fund.

O. Scholarship Discounts - Student tuition and fees revenues and auxiliary service 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. The allocation of the scholarship discounts to tuition and fees revenues and auxiliary service revenues was changed in fiscal year 2025 to follow updated guidance from the National Association of College and University Business Officers (NACUBO). The updated guidance recommended the allocation of scholarship discounts be based on an analysis of individual student account charges and financial aid payments from the student management information system versus the use of aggregated student financial aid and aggregated revenue amounts.

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 ITS-Facilities & Wiring. 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, 2025, the amount shown on the Statement of Net Position as cash and cash equivalents includes $318,455,262, 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 2.1 years as of June 30, 2025. 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, 2025 was $71,460. The carrying amount of the University's deposits not with the State Treasurer was $12,501,651, and the bank balance was $10,982,268. 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, 2025, $9,859,857 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. During the 2025 fiscal year, the external participant redeemed its interest, withdrew all funds, and is no longer an external participant. This resulted in the closing of the University's fiduciary custodial fund. 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 University of North Carolina at Greensboro Investment Fund, Inc., Board of Directors (The Board). The Board is responsible for adopting investment objectives and policies, for hiring investment advisors, and for monitoring policy implementation and investment performance. During fiscal year 2025, The Board created a limited liability company, UNCG Investment Fund, GP, LLC (the "General Partner"). The General Partner is wholly owned by The University of North Carolina at Greensboro Investment Fund, Inc. and serves as the General Partner of the UNCG Endowment Partners, LP (the "Partnership"). The University of North Carolina at Greensboro Investment Fund, Inc. is the Limited Partner of the Partnership. The Board's primary role is to adopt investment objectives and policies and monitor the policy implementation and investment performance.

The Partnership's outsourced chief investment officer (OCIO) transitioned to an unaffiliated third-party entity. 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 St, Greensboro, NC 27403, or by calling (336) 256-0402.

The following table presents investments by type and investments subject to interest rate risk at June 30, 2025, for the External Investment Pool.

External Investment Pool

	Amount
Investment Type	
Partnerships:	
UNCG Endowment Partners, LP	$ 470,813,848

Non-Pooled Investments - The following table presents investments by type and investments subject to interest rate risk at June 30, 2025, 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	$ 16,265,560	$ 16,265,560	$ -	$ -
Mutual Bond Funds	2,193,108	-	501,162	1,691,946
Total Debt Securities	18,458,668	$ 16,265,560	$ 501,162	$ 1,691,946
Other Securities				
Mutual Funds	4,800,965			
Corporate Securities:				
Common Stocks	3,771,391			
Investments in Real Estate	739,000			
Total Non-Pooled Investments	$ 27,770,024			

At June 30, 2025, the University's non-pooled investments had the following credit quality distribution for securities with credit exposure:

	Amount	AA Aa	A	BB/Ba and below
Mutual Bond Funds	$ 2,193,108	$ 1,691,946	$ 359,294	$ 141,868

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

Total Investments - The following table presents the total investments at June 30, 2025:

	Amount
Investment Type	
Debt Securities	
U.S. Treasuries	$ 16,265,560
Mutual Bond Funds	2,193,108
Other Securities	
Mutual Funds	4,800,965
Corporate Securities:	
Common Stocks	3,771,391
Investments in Real Estate	739,000
Partnerships:	
UNCG Endowment Partners, LP	470,813,848
Total Investments	$ 498,583,872

C. Reconciliation of Deposits and Investments - A reconciliation of deposits and investments for the University as of June 30, 2025, is as follows:

	Amount
Cash on Hand	$ 71,460
Amount of Deposits with Private Financial Institutions	12,501,651
Deposits in the Short-Term Investment Fund	318,455,262
External Investment Pool	470,813,848
Non-Pooled Investments	27,770,024
Total Deposits and Investments	$ 829,612,245
Deposits	
Current:	
Cash and Cash Equivalents	$ 246,126,435
Restricted Cash and Cash Equivalents	47,675,116
Noncurrent:	
Restricted Cash and Cash Equivalents	37,226,822
Total Deposits	331,028,373
Investments	
Current:	
Short-Term Investments	543,615
Restricted Short-Term Investments	9,839,611
Noncurrent:	
Endowment Investments	471,196,086
Other Investments	17,004,560
Total Investments	498,583,872
Total Deposits and Investments	$ 829,612,245

Note 3 - Fair Value Measurements

To the extent available, the University's investments are recorded at fair value as of June 30, 2025. 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, 2025:

		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	$ 16,265,560	$ 16,265,560	$ -	$ -
Mutual Bond Funds	2,193,108	2,193,108	-	-
Total Debt Securities	18,458,668	18,458,668	-	-
Other Securities				
Mutual Funds	4,800,965	4,800,965	-	-
Corporate Securities:				
Common Stocks	3,771,391	3,771,391	-	-
Investments in Real Estate	739,000	-	-	739,000
Total Investments by Fair Value Level	27,770,024	$ 27,031,024	$ -	$ 739,000
Investments Measured at the Net Asset Value (NAV)				
Partnerships:				
UNCG Endowment Partners, LP	470,813,848			
Investments as a Position in an External Investment Pool				
Short-Term Investment Fund	318,455,262			
Total Investments Measured at Fair Value	$ 817,039,134			

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, 2025:

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Partnerships:				
UNCG Endowment Partners, LP	$ 470,813,848	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, exchanged-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 2025 and 2024 are equal to 3.65 percent and 3.55 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 2025 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, 2025, net appreciation of $227,682,188 was available to be spent, of which $215,504,291 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, 2025 the amount of investment losses reported against the nonexpendable endowment balances was $127,196.

Note 5 - Receivables

Receivables at June 30, 2025, were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	$ 4,416,374	$ 1,318,386	$ 3,097,988
Student Sponsors	4,645,904	-	4,645,904
Intergovernmental	18,909,496	-	18,909,496
Pledges	4,018,363	15,155	4,003,208
Interest on Loans	102,125	-	102,125
Other	950,524	-	950,524
Total Current Receivables	$ 33,042,786	$ 1,333,541	$ 31,709,245
Notes Receivable:			
Notes Receivable - Current:			
Federal Loan Programs	$ 126,725	$ 3,038	$ 123,687
Institutional Student Loan Programs	304,625	209,714	94,911
Total Notes Receivable - Current	$ 431,350	$ 212,752	$ 218,598
Notes Receivable - Noncurrent:			
Federal Loan Programs	$ 548,569	$ 4,288	$ 544,281

Note 6 - Capital Assets

A summary of changes in the capital assets for the year ended June 30, 2025, is presented as follows:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital Assets, Nondepreciable:				
Land	$ 50,637,030	$ -	$ -	$ 50,637,030
Art, Literature, and Artifacts	28,970,278	152,080	-	29,122,358
Construction in Progress	12,509,891	31,435,945	2,815	43,943,021
Total Capital Assets, Nondepreciable	92,117,199	31,588,025	2,815	123,702,409
Capital Assets, Depreciable:				
Buildings	917,834,126	-	-	917,834,126
Machinery and Equipment	110,281,401	11,619,130	4,446,804	117,453,727
General Infrastructure	88,411,921	2,815	-	88,414,736
Right-to-Use Leased Land	362,827	-	-	362,827
Right-to-Use Leased Buildings	6,941,165	349,446	1,190,309	6,100,302
Right-to-Use Leased Machinery and Equipment	7,655,671	-	-	7,655,671
Right-to-Use Subscription Assets	15,821,592	5,516,727	2,301,302	19,037,017
Total Capital Assets, Depreciable	1,147,308,703	17,488,118	7,938,415	1,156,858,406
Less Accumulated Depreciation/Amortization for:				
Buildings	286,541,994	19,344,867	-	305,886,861
Machinery and Equipment	49,549,747	7,239,930	3,565,895	53,223,782
General Infrastructure	62,650,747	2,764,836	-	65,415,583
Right-to-Use Leased Land	217,695	72,565	-	290,260
Right-to-Use Leased Buildings	3,377,167	1,155,902	413,582	4,119,487
Right-to-Use Leased Machinery and Equipment	1,429,847	1,290,962	-	2,720,809
Right-to-Use Subscription Assets	6,746,057	5,331,319	2,195,053	9,882,323
Total Accumulated Depreciation/Amortization	410,513,254	37,200,381	6,174,530	441,539,105
Total Capital Assets, Depreciable, Net	736,795,449	(19,712,263)	1,763,885	715,319,301
Capital Assets, Net	$ 828,912,648	$ 11,875,762	$ 1,766,700	$ 839,021,710

As of June 30, 2025, the total amount of right-to-use leased assets was $14,118,800 and the related accumulated amortization was $7,130,556.

Note 7 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30, 2025, were as follows:

	Amount
Current Accounts Payable and Accrued Liabilities	
Accounts Payable	$ 2,678,931
Accounts Payable - Capital Assets	5,415,148
Accrued Payroll	7,330,814
Other	2,260,123
Total Current Accounts Payable and Accrued Liabilities	$ 17,685,016
Noncurrent Accounts Payable and Accrued Liabilities	
Contract Retainage	$ 1,201,304

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, 2025, is presented as follows:

	Balance July 1, 2024 (as Restated)	Additions	Reductions	Balance June 30, 2025	Current Portion
Long-Term Debt					
Revenue Bonds Payable	$ 135,405,000	$ -	$ 22,040,000	$ 113,365,000	$ 7,385,000
Bonds from Direct Placements	94,205,530	15,160,000	7,824,926	101,540,604	8,066,604
Plus: Unamortized Premium	8,351,217	-	1,264,085	7,087,132	-
Total Revenue Bonds Payable and Bonds from Direct Placements, Net	237,961,747	15,160,000	31,129,011	221,992,736	15,451,604
Note from Direct Borrowing	7,804,240	-	255,772	7,548,468	262,115
Total Long-Term Debt	245,765,987	15,160,000	31,384,783	229,541,204	15,713,719
Other Long-Term Liabilities					
Arbitrage Rebate Payable	-	223,783	-	223,783	-
Annuities and Life Income Payable	3,522,112	32,538	247,088	3,307,562	-
Lease Liabilities	9,231,748	349,446	3,025,606	6,555,588	2,272,766
Subscription (SBITA) Liabilities	3,480,347	5,516,727	3,917,096	5,079,978	2,574,214
Employee Benefits					
Compensated Absences	13,170,697	10,942,848	10,919,195	13,194,350	827,428
Net Pension Liability	84,491,943	-	11,866,514	72,625,429	-
Net Other Postemployment Benefits Liability	259,184,867	54,683,548	-	313,868,415	-
Workers' Compensation	3,079,458	222,153	175,566	3,126,045	1,000,843
Total Other Long-Term Liabilities	376,161,172	71,971,043	30,151,065	417,981,150	6,675,251
Total Long-Term Liabilities, Net	$ 621,927,159	$ 87,131,043	$ 61,535,848	$ 647,522,354	$ 22,388,970

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, 2025
Revenue Bonds Payable					
General Revenue Bonds					
Refund Series 2009A - Housing and Parking	2016	2.50%-5.00%	04/01/2034	$ 21,575,000	$ 14,620,000
Refund Series 2011 and 2012A - Dining, Housing, Police Building, and Athletic:	2017	4.00%-5.00%	04/01/2036	77,175,000	61,845,000
Housing	2018	3.00%-5.00%	04/01/2043	45,260,000	36,900,000
Total General Revenue Bonds				144,010,000	113,365,000
Bonds from Direct Placements					
Refund Series 2005A and 2012B - Housing, Parking, and Athletics	2015	1.75%	04/01/2026	10,109,000	418,000
Refund Series 2010B-2 - Elliott University Center and Various Construction	2020	1.72%	04/01/2026	9,548,000	1,657,604
Refund Series 2011 - Dining and Housing	2021A	1.29%	04/01/2027	1,966,000	669,000
Refund Series 2012A - Housing, Athletics, Policy Building, and Dining	2022	2.10%	04/01/2037	13,921,000	10,601,000
Refund Series 2014 - Student Recreation Center and Housing	2024	4.00%-5.00%	04/01/2039	77,385,000	73,070,000
Refund Series 2014 - Student Recreation Center and Housing	2024B	3.61%	04/01/2039	15,160,000	15,125,000
Total Bonds from Direct Placements				128,089,000	101,540,604
Total Revenue Bonds Payable and Bonds from Direct Placements (principal only)				$272,099,000	214,905,604
Plus: Unamortized Premium					7,087,132
Total Revenue Bonds Payable and Bonds from Direct Placements, Net					$221,992,736

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, 2025
Improvement Advance	PNC	2.48%	04/01/2027	$ 9,460,000	$ 7,548,468

D. Annual Requirements - The annual requirements to pay principal and interest on the long-term obligations at June 30, 2025, are as follows:

	Annual Requirements					
	Revenue Bonds Payable		Bonds from Direct Placements		Note from Direct Borrowing	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 7,385,000	$ 5,072,000	$ 8,066,604	$ 4,399,739	$ 262,115	$ 187,202
2027	7,745,000	4,716,450	6,240,000	4,109,187	7,286,353	180,702
2028	8,130,000	4,329,200	6,172,000	3,842,764	-	-
2029	8,520,000	3,942,700	6,441,000	3,568,070	-	-
2030	7,220,000	3,516,700	7,278,000	3,280,623	-	-
2031-2035	47,155,000	11,876,863	33,838,000	11,745,101	-	-
2036-2040	18,865,000	4,052,800	33,505,000	3,642,271	-	-
2041-2043	8,345,000	848,250	-	-	-	-
Total Requirements	$ 113,365,000	$ 38,354,963	$ 101,540,604	$ 34,587,755	$ 7,548,468	$ 367,904

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 $113,365,000 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 $101,540,604 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 $7,548,468 contains 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 October 24, 2024, the University issued $15,160,000 in direct placement 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.

G. Annuities Payable - The annuity and life income payable balance consist of 93 charitable annuity agreements and eight charitable remainder unitrusts with a market value of $6.9 million. The $3.3 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, 2025, the University recognized operating revenues related to lessor arrangements totaling $418,510, and nonoperating lease interest income totaling $30,461.

The University's lessor arrangements at June 30, 2025, are summarized below (excluding short-term leases):

Classification:	Number of Lease Contracts	Lease Receivable June 30, 2025	Current Portion	Lease Terms (1)	Interest Rate Ranges
Lessor:					
Land	2	$ 271,382	$ 34,841	6.36 Years	1.804% - 2.656%
Buildings	8	1,019,335	370,356	2.52 Years	1.335% - 3.910%
Total	10	$1,290,717	$ 405,197		

(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, 2025, are summarized below (excluding short-term leases):

Classification:	Number of Lease Contracts	Lease Liabilities June 30, 2025	Current Portion	Lease Terms (1)	Interest Rate/ Ranges
Lessee:					
Right-to-Use Leased Land	1	$ 74,012	$ 74,012	1 Year	1.335%
Right-to-Use Leased Buildings	6	2,023,369	1,153,265	2 Years	1.177%-3.910%
Right-to-Use Leased Machinery and Equipment	2	4,458,207	1,045,489	3.91 Years	1.011%-4.860%
Total	9	$ 6,555,588	$2,272,766		

(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 fiscal year there were approximately 52 months remaining on the lease. The University recorded a lease liability of $928,330 on June 30, 2024. As of June 30, 2025, the value of the lease liability was $719,396. The University is required to make monthly principal 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 $1,538,661 and had accumulated amortization of $839,269. 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 fiscal year there were approximately 52 months 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 $9,000 in interest revenue during the fiscal year related to this lease. As of June 30, 2025, the University's receivable for lease payments was $445,285. 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, 2025, the balance of deferred inflow of resources was $482,033.

C. **Subscription-Based Information Technology Arrangements (SBITAs)** - The University enters SBITAs for the right to use information technology software and cloud computing arrangement (network) assets 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 three-year $49,500 SBITA for the right-to-use Carolina Recording System beginning July 1, 2025, a three-year $238,923 SBITA for the right-to-use Ellucian Scholarship Universe beginning July 1, 2025, a three-year $108,576 SBITA for the right-to-use Evisions Form Fusion and Intellecheck beginning July 1, 2025, and a three-year $232,875 SBITA for the right-to-use OneStream beginning after July 1, 2025.

The University's SBITAs at June 30, 2025, are summarized below (excluding short-term SBITAs):

SBITA	Number of SBITAs	Subscription (SBITA) Liabilities June 30, 2025	Current Portion	SBITA Terms and	Interest Rate Ranges
Right-to-Use Subscription Assets	77	$5,079,978	$2,574,214	2 - 4 Years	2.04% - 3.59%

D. **Annual Requirements** - The annual requirements to pay principal and interest on leases and SBITAs at June 30, 2025, are as follows:

	Annual Requirements			
	Lease Liabilities		Subscription (SBITA) Liabilities	
Fiscal Year	Principal	Interest	Principal	Interest
2026	$ 2,272,766	$ 249,710	$ 2,574,214	$ 133,786
2027	1,484,100	180,348	1,584,165	75,142
2028	1,503,543	118,595	582,216	27,657
2029	1,295,179	58,335	339,383	10,178
Total Requirements	$ 6,555,588	$ 606,988	$ 5,079,978	$ 246,763

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	$ (39,480,821)
Net OPEB Liability (Retiree Health Benefit Fund) and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(281,382,945)
Effect on Unrestricted Net Position	(320,863,766)
Total Unrestricted Net Position Before Recognition of Deferred Outflows of Resources, Deferred Inflows of Resources, and Related Long-Term Liabilities	277,763,264
Total Unrestricted Net Position	$ (43,100,502)

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	$144,834,401	$ 74,354,633	$ 594,523	$ 69,885,245
Sales and Services:				
Sales and Services of Auxiliary Enterprises:				
Residential Life	$ 40,841,145	$ 302,598	$ 167,434	$ 40,371,113
Dining	22,260,546	275,691	86,871	21,897,984
Student Union Services	150,028	-	-	150,028
Health, Physical Education, and Recreation Services	824,188	-	-	824,188
Parking	3,660,820	205,757	48,804	3,406,259
Athletic	2,207,808	-	-	2,207,808
Other	2,773,932	1,363,418	3,061	1,407,453
Sales and Services of Education and Related Activities	6,186,271	-	-	6,186,271
Total Sales and Services, Net	$ 78,904,738	$ 2,147,464	$ 306,170	$ 76,451,104

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	$ 149,748,906	$ 5,471,353	$ -	$ -	$ -	$ 155,220,259
Research	13,526,016	14,083,846	-	-	-	27,609,862
Public Service	11,763,815	3,428,403	-	4,000	-	15,196,218
Academic Support	25,127,542	12,814,985	-	60	-	37,942,587
Student Services	21,026,859	6,461,116	-	-	-	27,487,975
Institutional Support	35,658,294	19,224,525	-	34,175	-	54,916,994
Operations and Maintenance of Plant	22,004,624	11,132,104	-	10,467,040	-	43,603,768
Student Financial Aid	-	-	32,519,124	-	-	32,519,124
Auxiliary Enterprises	23,667,552	27,991,439	-	10,124	-	51,669,115
Depreciation/Amortization	-	-	-	-	37,200,381	37,200,381
Total Operating Expenses	$ 302,523,608	$ 100,607,771	$ 32,519,124	$ 10,515,399	$ 37,200,381	$ 483,366,283

Note 13 - Retirement 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, LEAs, and certain proprietary component units along with charter schools that elect to join the Retirement System. Effective January 1, 2024, new employees hired by UNC Health Care or by certain components of East Carolina University, who were not actively contributing to TSERS immediately before they were hired by those entities, are not eligible to join TSERS. 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, 2025 was 16.79% of covered payroll. Plan members' contributions to the pension plan were $5,793,916, and the University's contributions were $16,213,307 for the year ended June 30, 2025.

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 2024 *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.ncosc.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 2024 *Annual Comprehensive Financial Report*.

Net Pension Liability: At June 30, 2025, the University reported a liability of $72,625,429 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, and update procedures were used to roll forward the total pension liability to June 30, 2024. 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, 2024, the

University's proportion was 0.49016%, which was a decrease of 0.01663 from its proportion measured as of June 30, 2023, which was 0.50679%.

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	12/31/2023
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, 2023 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, 2024 (the measurement date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	2.4%
Global Equity	6.9%
Real Estate	6.0%
Alternatives	8.6%
Opportunistic Fixed Income	5.3%
Inflation Sensitive	4.3%

The information in the preceding table is based on 30-year expectations developed with an investment consulting firm. The long-term nominal rates of return underlying the real rates of return are arithmetic annual figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. Return projections do not include any excess return expectations over benchmark averages for public markets. All rates of return and inflation are annual amounts. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2024 is 2.76%.

Discount Rate: The discount rate used to measure the total pension liability was 6.5% for the December 31, 2023 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, 2024 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%)
$ 133,223,297	$ 72,625,429	$ 22,653,607

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended June 30, 2025, the University recognized pension expense of $19,612,448. At June 30, 2025, 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	$ 6,544,812	$ 214,690
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	11,975,589	-
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	-	1,374,410
Contributions Subsequent to the Measurement Date	16,213,307	-
Total	$ 34,733,708	$ 1,589,100

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, 2026. 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
2026	$ 4,648,826
2027	13,874,088
2028	(309,712)
2029	(1,281,901)
Total	$ 16,931,301

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. 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, 2025, the University had a total payroll of $228,950,657, of which $98,862,858 was covered under ORP. Total employee and employer contributions for pension benefits for the year were $5,931,771 and $6,762,219, 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 2024 *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.ncosc.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. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2024 *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 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 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, 2025 was 6.99% of covered payroll. The University's contributions to the RHBF were $13,660,425 for the year ended June 30, 2025.

In fiscal year 2023, the Plan transferred $35 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, 2025, the University recognized noncapital contributions for RHBF of $95,491.

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 disability 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: 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, 2025 was 0.13% of covered payroll. The University's contributions to DIPNC were $254,057 for the year ended June 30, 2025.

C. Net OPEB Liability (Asset)

Retiree Health Benefit Fund: At June 30, 2025, the University reported a liability of $313,868,415 for its proportionate share of the collective net OPEB liability for RHBF. The net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023, and update procedures were used to roll forward the total OPEB liability to June 30, 2024. 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, 2024, the University's proportion was 0.92280%, which was a decrease of 0.04889 from its proportion measured as of June 30, 2023, which was 0.97169%.

Disability Income Plan of North Carolina: At June 30, 2025, the University reported an asset of $301,431 for its proportionate share of the collective net OPEB asset for DIPNC. The net OPEB asset was measured as of June 30, 2024. The total OPEB liability used to calculate the net

OPEB asset was determined by an actuarial valuation as of December 31, 2023, and update procedures were used to roll forward the total OPEB liability to June 30, 2024. The University's proportion of the net OPEB asset 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, 2024, the University's proportion was 0.91548%, which was a decrease of 0.04353 from its proportion measured as of June 30, 2023, which was 0.95901%.

Actuarial Assumptions: The total OPEB liabilities for RHBF and DIPNC were determined by actuarial valuations as of December 31, 2023, 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, 2024 utilizing update procedures incorporating the actuarial assumptions.

	Retiree Health Benefit Fund	Disability Income Plan of N.C.
Valuation Date	12/31/2023	12/31/2023
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 2030	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% through 2030 grading down to 5% by 2033	N/A
Healthcare Cost Trend Rate - Medicare Advantage***	Premium adjustments for IRA impact through 2027, 6.17% in 2028 down to 5% by 2034	N/A
Healthcare Cost Trend Rate - Administrative***	3.0%	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, 2024.

Best estimates of real rates of return for each major asset class included in RHBF's target asset allocation as of June 30, 2024 (the measurement date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	2.4%
Global Equity	6.9%
Real Estate	6.0%
Alternatives	8.6%
Opportunistic Fixed Income	5.3%
Inflation Sensitive	4.3%

The information in the preceding table is based on 30-year expectations developed with an investment consulting firm. The long-term nominal rates of return underlying the real rates of return are arithmetic annual figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. Return projections do not include any excess return expectations over benchmark averages for public markets. All rates of return and inflation are annual amounts. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2024 is 2.76%.

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.

The actuarial assumptions used in the December 31, 2023 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 3.93% at June 30, 2024 compared to 3.65% at June 30, 2023. 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 3.93% was used as the discount rate used to measure the total OPEB liability. The 3.93% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2024.

The discount rate used to measure the total OPEB liability for DIPNC was 3.00% at June 30, 2024 and at June 30, 2023. 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 projected to be available to make all projected future benefit payments to the current plan members.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate: The following presents the University's proportionate share of the net OPEB liability (asset) of the plans, as well as what each plans' net OPEB liability (asset) 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 (Asset)

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
RHBF	$ 373,421,900	$ 313,868,415	$ 266,051,739
	1% Decrease (2.00%)	**Current Discount Rate (3.00%)**	**1% Increase (4.00%)**
DIPNC	$ (268,776)	$ (301,431)	$ (335,752)

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 - 4% - 5.17%, Administrative - 2%)	Current Healthcare Cost Trend Rates (Medical - 5% - 6.5%, Pharmacy - 5% - 10%, Pharmacy Rebate - 5% - 7%, Med. Advantage - 5% - 6.17%, Administrative - 3%)	1% Increase (Medical - 6% - 7.5%, Pharmacy - 6% - 11%, Pharmacy Rebate - 6% - 8%, Med. Advantage - 6% - 7.17%, Administrative - 4%)
RHBF	$ 259,075,648	$ 313,868,415	$ 384,813,829

The sensitivity to changes in the healthcare cost trend rates is not applicable for DIPNC.

OPEB Expense: For the fiscal year ended June 30, 2025, the University recognized OPEB expense as follows:

OPEB Plan	Amount
RHBF	$ 7,702,086
DIPNC	167,343
Total OPEB Expense	$ 7,869,429

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2025, 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	$ 2,558,211	$ 121,521	$ 2,679,732
Changes of Assumptions	75,592,331	4,495	75,596,826
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	1,344,977	236,642	1,581,619
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	2,715,785	26,246	2,742,031
Contributions Subsequent to the Measurement Date	13,660,425	254,057	13,914,482
Total	$ 95,871,729	$ 642,961	$ 96,514,690

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

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	$ -	$ 346,711	$ 346,711
Changes of Assumptions	40,922,034	140,435	41,062,469
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	22,464,225	18,402	22,482,627
Total	$ 63,386,259	$ 505,548	$ 63,891,807

Amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability related to RHBF and an increase of the net OPEB asset related to DIPNC in the fiscal year ending June 30, 2026. 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
2026	$ (6,975,185)	$ (110,393)
2027	277,673	(80,468)
2028	13,707,734	38,832
2029	11,814,823	20,534
2030	-	14,853
Thereafter	-	(2)
Total	$ 18,825,045	$ (116,644)

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 Office of State Fire Marshal within 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 Office of State Fire Marshal for the coverage.

Auto physical damage insurance for state-owned vehicles is provided through a private carrier and administered by the Office of State Fire Marshal within the North Carolina Department of Insurance. Coverage is elective and must be scheduled by each department, which is also responsible for paying the associated premiums.

The University is required by UNC Policy 1300.12 – Policy on Insurance Coverage 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. Coverage for all remaining risks for all buildings is charged to the University. Losses covered by the Fund are subject to a $5,000 per occurrence deductible unless otherwise stated in the policy.

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 $5,000,000 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, fiber optics bond, and unmanned aircraft aviation liability.

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 $95,029,677 and on other purchases were $4,909,360 at June 30, 2025.

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	$ 17,543,871
Pledges to the UNCG Excellence Foundation Endowment Fund	4,189,110
Total	$ 21,732,981

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 $398,097 to Gateway Research Park, Inc. These payments consisted of: $286,730 for the construction, maintenance, acquisition, movement, installation, upgrades of offices, classrooms, and laboratories for the Joint School of Nanoscience and Nanoengineering; $86,367 for the operation and maintenance of University facilities at the Gateway Research Park, Inc; and $25,000 for the annual management fee for the Gateway Research Park, Inc.

Note 18 - Blended Component Units

Condensed combining information for the University's blended component units for the year ended June 30, 2025, is presented as follows:

Condensed Statement of Net Position
Proprietary Fund
June 30, 2025

	University	UNCG Excellence Foundation	Weatherspoon Art Museum Council	Capital Facilities Foundation	UNCG Investment Fund	Eliminations	Total
ASSETS							
Current Assets	$ 323,582,501	$ 10,511,716	$ -	$ 4,472,810	$ 232,102	$ (539,387)	$ 338,259,742
Capital Assets, Net	801,656,476	24,472	28,600,858	8,739,904	-	-	839,021,710
Other Noncurrent Assets	292,101,425	241,397,372	-	7,266,005	471,044,637	(478,310,642)	533,498,797
Total Assets	1,417,340,402	251,933,560	28,600,858	20,478,719	471,276,739	(478,850,029)	1,710,780,249
TOTAL DEFERRED OUTFLOWS OF RESOURCES	134,626,806	-	-	-	-	-	134,626,806
LIABILITIES							
Current Liabilities	49,312,739	3,022,437	-	308,916	232,102	(232,102)	52,644,092
Long-Term Liabilities, Net	614,539,470	3,307,562	-	7,286,352	-	-	625,133,384
Other Noncurrent Liabilities	2,202,821	-	-	891,336	-	-	3,094,157
Total Liabilities	666,055,030	6,329,999	-	8,486,604	232,102	(232,102)	680,871,633
TOTAL DEFERRED INFLOWS OF RESOURCES	69,319,558	51,552	-	7,157,886	-	(7,157,886)	69,371,110
NET POSITION							
Net Investment in Capital Assets	559,652,055	15,224	28,600,858	1,191,436	-	-	589,459,573
Restricted - Nonexpendable	85,158,996	129,291,787	-	-	471,044,637	(471,044,637)	214,450,783
Restricted - Expendable	231,073,673	103,280,785	-	-	-	-	334,354,458
Unrestricted	(59,292,104)	12,964,213	-	3,642,793	-	(415,404)	(43,100,502)
Total Net Position	$ 816,592,620	$ 245,552,009	$ 28,600,858	$ 4,834,229	$ 471,044,637	$ (471,460,041)	$ 1,095,164,312

Condensed Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2025

	University	UNCG Excellence Foundation	Weatherspoon Art Museum Council	Capital Facilities Foundation	UNCG Investment Fund	Eliminations	Total
OPERATING REVENUES							
Rental Income	$ -	$ -	$ -	$ 544,751	$ -	$ (544,751)	$ -
Operating Revenues	198,621,570	-	-	-	-	-	198,621,570
Total Operating Revenues	198,621,570	-	-	544,751	-	(544,751)	198,621,570
OPERATING EXPENSES							
Operating Expenses	445,902,929	484,949	-	274,331	1,677,004	(2,173,311)	446,165,902
Depreciation/Amortization	36,910,017	-	-	290,364	-	-	37,200,381
Total Operating Expenses	482,812,946	484,949	-	564,695	1,677,004	(2,173,311)	483,366,283
Operating Income (Loss)	(284,191,376)	(484,949)	-	(19,944)	(1,677,004)	1,628,560	(284,744,713)
NONOPERATING REVENUES (EXPENSES)							
State Appropriations	208,500,597	-	-	-	-	-	208,500,597
Student Financial Aid	77,567,926	-	-	-	-	-	77,567,926
Noncapital Contributions	31,822,721	570,845	-	-	-	-	32,393,566
Investment Income, Net	34,879,530	19,859,675	-	-	41,395,195	(41,395,195)	54,739,205
Interest and Fees on Debt	(9,193,130)	-	-	-	-	-	(9,193,130)
Other Nonoperating Revenues (Expenses)	(385,754)	(7,692,063)	-	16,018	1,161,009	(1,183,009)	(8,083,799)
Net Nonoperating Revenues	343,191,890	12,738,457	-	16,018	42,556,204	(42,578,204)	355,924,365
Capital Contributions	16,436,461	-	147,580	-	-	-	16,584,041
Additions to Endowments	2,987,032	13,918,657	-	-	-	-	16,905,689
Total Other Revenues	19,423,493	13,918,657	147,580	-	-	-	33,489,730
Increase (Decrease) in Net Position	78,424,007	26,172,165	147,580	(3,926)	40,879,200	(40,949,644)	104,669,382
NET POSITION							
Net Position, July 1, 2024 (as Restated)	738,168,613	219,379,844	28,453,278	4,838,155	430,165,437	(430,510,397)	990,494,930
Net Position, June 30, 2025	$ 816,592,620	$ 245,552,009	$ 28,600,858	$ 4,834,229	$ 471,044,637	$ (471,460,041)	$ 1,095,164,312

Condensed Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2025

	University	UNCG Excellence Foundation	Capital Facilities Foundation	UNCG Investment Fund	Eliminations	Total
Net Cash Provided (Used) by Operating Activities	$ (269,938,356)	$ 9,371,310	$ (70,241)	$ -	$ -	$ (260,637,287)
Net Cash Provided by Noncapital Financing Activities	332,405,583	41,951	-	-	-	332,447,534
Net Cash Provided (Used) by Capital Financing and Related Financing Activities	(54,603,816)	-	125,011	-	-	(54,478,805)
Net Cash Provided (Used) by Investing Activities	103,028,905	(8,782,215)	16,018	(1,164)	1,164	94,262,708
Net Increase (Decrease) in Cash and Cash Equivalents	110,892,316	631,046	70,788	(1,164)	1,164	111,594,150
Cash and Cash Equivalents, July 1, 2024	210,654,425	4,731,862	4,047,936	233,266	(233,266)	219,434,223
Cash and Cash Equivalents, June 30, 2025	$ 321,546,741	$ 5,362,908	$ 4,118,724	$ 232,102	$ (232,102)	$ 331,028,373

Note 19 - Changes in Financial Accounting and Reporting

For the fiscal year ended June 30, 2025, the University implemented the following pronouncements issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 101, Compensated Absences

GASB Statement No. 102, Certain Risk Disclosures

GASB Statement No. 101 updates the recognition, measurement, and disclosure requirements for compensated absences. This Statement supersedes GASB Statement No. 16, *Accounting for Compensated Absences*, which was issued in 1992, and aims to better meet the information needs of financial statement users by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. Lastly, the model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

GASB Statement No. 102 improves financial reporting by providing users of financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

Note 20 - Net Position Restatement

As of July 1, 2024, net position as previously reported was restated as follows:

	Amount
July 1, 2024 Net Position as Previously Reported	$ 988,537,768
Restatement related to Change in Accounting Principle:	
GASB 101, Compensated Absences	1,957,162
July 1, 2024 Net Position as Restated	$ 990,494,930

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	2025	2024	2023	2022	2021
Proportionate Share Percentage of Collective Net Pension Liability	0.49016%	0.50679%	0.52401%	0.54064%	0.53045%
Proportionate Share of TSERS Collective Net Pension Liability	$ 72,625,429	$ 84,491,943	$ 77,774,811	$ 25,316,014	$ 64,088,953
Covered Payroll	$ 93,802,503	$ 91,793,329	$ 89,462,429	$ 90,134,827	$ 90,274,161
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	77.42%	92.05%	86.94%	28.09%	70.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.35%	82.97%	84.14%	94.86%	85.98%

	2020	2019	2018	2017	2016
Proportionate Share Percentage of Collective Net Pension Liability	0.53007%	0.50654%	0.48830%	0.47757%	0.49801%
Proportionate Share of TSERS Collective Net Pension Liability	$ 54,952,129	$ 50,431,573	$ 38,743,875	$ 43,893,616	$ 18,352,655
Covered Payroll	$ 89,253,161	$ 82,332,739	$ 77,751,073	$ 74,256,427	$ 73,915,822
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	61.57%	61.25%	49.83%	59.11%	24.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.56%	87.61%	89.51%	87.32%	94.64%

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	2025	2024	2023	2022	2021
Contractually Required Contribution	$ 16,213,307	$ 16,546,762	$ 15,953,681	$ 14,653,946	$ 13,321,927
Contributions in Relation to the Contractually Determined Contribution	16,213,307	16,546,762	15,953,681	14,653,946	13,321,927
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 96,565,259	$ 93,802,503	$ 91,793,329	$ 89,462,429	$ 90,134,827
Contributions as a Percentage of Covered Payroll	16.79%	17.64%	17.38%	16.38%	14.78%

	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 11,708,559	$ 10,969,213	$ 8,875,469	$ 7,759,557	$ 6,794,463
Contributions in Relation to the Contractually Determined Contribution	11,708,559	10,969,213	8,875,469	7,759,557	6,794,463
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 90,274,161	$ 89,253,161	$ 82,332,739	$ 77,751,073	$ 74,256,427
Contributions as a Percentage of Covered Payroll	12.97%	12.29%	10.78%	9.98%	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, 2025

Changes of Benefit Terms:

Cost of Living Increase										
Teachers' and State Employees'	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Retirement System	N/A	N/A	N/A	N/A	N/A	N/A	1.00%	N/A	N/A	N/A

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.

Effective January 1, 2024, new employees hired by UNC Health Care or by certain components of East Carolina University, who were not actively contributing to TSERS immediately before they were hired by those entities, are not eligible to join TSERS.

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 2024 *Annual Comprehensive Financial Report*.

N/A - Not Applicable

Schedule of the Proportionate Share of the Net OPEB Liability or Asset
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
Last Nine Fiscal Years*

Retiree Health Benefit Fund	2025	2024	2023	2022	2021
Proportionate Share Percentage of Collective Net OPEB Liability	0.92280%	0.97169%	1.00625%	1.03226%	1.02177%
Proportionate Share of Collective Net OPEB Liability	$ 313,868,415	$ 258,929,809	$ 238,952,914	$ 319,128,934	$ 283,448,805
Covered Payroll	$ 193,023,545	$ 191,143,992	$ 190,310,902	$ 191,358,077	$ 192,465,985
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	162.61%	135.46%	125.56%	166.77%	147.27%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	9.79%	10.73%	10.58%	7.72%	6.92%

	2020	2019	2018	2017
Proportionate Share Percentage of Collective Net OPEB Liability	1.00445%	0.94867%	0.89477%	1.01384%
Proportionate Share of Collective Net OPEB Liability	$ 317,803,677	$ 270,258,283	$ 293,363,921	$ 441,054,860
Covered Payroll	$ 189,195,782	$ 175,091,258	$ 164,567,614	$ 155,819,092
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	167.98%	154.35%	178.26%	283.06%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.40%	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 Nine Fiscal Years*

Disability Income Plan of North Carolina	2025	2024	2023	2022	2021
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	0.91548%	0.95901%	1.01510%	1.03122%	1.04657%
Proportionate Share of Collective Net OPEB Liability (Asset)	$ (301,431)	$ 255,058	$ 301,972	$ (168,439)	$ (514,850)
Covered Payroll	$ 193,023,545	$ 191,143,992	$ 190,310,902	$ 191,358,077	$ 192,465,985
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.16%	0.13%	0.16%	0.09%	0.27%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	114.99%	90.61%	90.34%	105.18%	115.57%

	2020	2019	2018	2017
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	1.02502%	0.98159%	0.95710%	0.90534%
Proportionate Share of Collective Net OPEB Liability (Asset)	$ (442,296)	$ (298,168)	$ (584,980)	$ (562,216)
Covered Payroll	$ 189,195,782	$ 175,091,258	$ 164,567,614	$ 155,819,092
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.23%	0.17%	0.36%	0.36%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	113.00%	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
Last Ten Fiscal Years

Retiree Health Benefit Fund	**2025**	**2024**	**2023**	**2022**	**2021**
Contractually Required Contribution	$ 13,660,425	$ 13,781,881	$ 13,169,821	$ 11,970,556	$ 12,782,720
Contributions in Relation to the Contractually Determined Contribution	13,660,425	13,781,881	13,169,821	11,970,556	12,782,720
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 195,428,117	$ 193,023,545	$ 191,143,992	$ 190,310,902	$ 191,358,077
Contributions as a Percentage of Covered Payroll	6.99%	7.14%	6.89%	6.29%	6.68%

	2020	**2019**	**2018**	**2017**	**2016**
Contractually Required Contribution	$ 12,452,549	$ 11,862,576	$ 10,593,021	$ 9,561,378	$ 8,725,869
Contributions in Relation to the Contractually Determined Contribution	12,452,549	11,862,576	10,593,021	9,561,378	8,725,869
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 192,465,985	$ 189,195,782	$ 175,091,258	$ 164,567,614	$ 155,819,092
Contributions as a Percentage of Covered Payroll	6.47%	6.27%	6.05%	5.81%	5.60%

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

Disability Income Plan of North Carolina	2025	2024	2023	2022	2021
Contractually Required Contribution	$ 254,057	$ 212,326	$ 191,144	$ 171,280	$ 172,222
Contributions in Relation to the Contractually Determined Contribution	254,057	212,326	191,144	171,280	172,222
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 195,428,117	$ 193,023,545	$ 191,143,992	$ 190,310,902	$ 191,358,077
Contributions as a Percentage of Covered Payroll	0.13%	0.11%	0.10%	0.09%	0.09%

	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 192,466	$ 264,874	$ 245,128	$ 625,357	$ 638,858
Contributions in Relation to the Contractually Determined Contribution	192,466	264,874	245,128	625,357	638,858
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 192,465,985	$ 189,195,782	$ 175,091,258	$ 164,567,614	$ 155,819,092
Contributions as a Percentage of Covered Payroll	0.10%	0.14%	0.14%	0.38%	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.

Effective April 1, 2024, coverage of GLP-1 prescriptions for obesity management (GLP-1-AOM) was terminated.

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. The reimbursement from DIPNC was eliminated for disabilities occurring on or after July 1, 2019 and no further reimbursements may be issued.

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, 2024 for the RHBF, a number of actuarial assumptions were reviewed and updated. The discount rate for the RHBF was updated to 3.93%, from 3.65% as of June 30, 2023. 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 four years. The expected impact from the Inflation Reduction Act on assumed Medicare Advantage rates by including proposed PMPM vendor rates through 2027 and then using assumed trend beginning in 2028. Employer portion of contributions were calculated to have less volatility than recent experience and have a smoother transition to the ultimate trend.

For the actuarial valuation measured as of June 30, 2024 for DIPNC, the discount rate remained at 3%, unchanged from the rate as of June 30, 2023.

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.

For the DIPNC actuarial valuation as of December 31, 2023, benefit payments expected to be issued after 36 months of disability to claimants who had at least five years of membership service as of July 31, 2007 were updated to include an offset (reduction to the DIPNC benefit) based on estimated Social Security benefits.

The Notes to Required Supplementary Information reflect information included in the State of North Carolina’s 2024 *Annual Comprehensive Financial Report*.

Independent Auditor's Report

North Carolina Office of the State Auditor
Dave Boliek, 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, 2025, 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 11, 2025. 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 were not 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.

Dave Boliek
State Auditor

Raleigh, North Carolina

November 11, 2025

Ordering Information

Copies of this report may be obtained by contacting:

Office of the State Auditor
State of North Carolina
20601 Mail Service Center
Raleigh, North Carolina 27699

Telephone: 919-807-7500
Fax: 919-807-7647
Internet: www.auditor.nc.gov

To report alleged incidents of fraud, waste or abuse in state government contact the Office of the State Auditor's Tipline:

Telephone:1-800-730-8477

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

This audit required 628.5 hours at an approximate cost of $97,417.50.