The University of North Carolina at Charlotte

Charlotte, North Carolina

Financial Statement Audit Report

For the Year Ended June 30, 2024

A Constituent Institution of the University of North Carolina System

UNBIASED. IMPACTFUL. IRREFUTABLE.

A Department of the State of North Carolina

Office of the State Auditor

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

Auditor's Transmittal

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

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

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

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

Jessica N. Holmes, J.D.

Jessica N. Holmes, J.D.
State Auditor

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

Independent Auditor's Report

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

Independent Auditor's Report

Board of Trustees
The University of North Carolina at Charlotte
Charlotte, 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 Charlotte (University), a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina, and its discretely presented component unit, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of The University of North Carolina at Charlotte Investment Fund, Inc., which represent 5.04 percent and 0.83 percent, respectively, of the assets and revenues of the University's business-type activities, and 100 percent of the assets and revenues of the University's fiduciary activities; nor the consolidated financial statements of The Foundation of the University of North Carolina at Charlotte, Inc., the University's discretely presented component unit. 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 Charlotte 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 15, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Jessica N. Holmes, J.D.

Jessica N. Holmes, J.D.
State Auditor

Raleigh, North Carolina

November 15, 2024

Management's Discussion and Analysis

Introduction

The University of North Carolina at Charlotte (UNC Charlotte or University) provides the following discussion and analysis as an overview of the University's financial position and activities for the year ended June 30, 2024, and to provide assistance in understanding the accompanying financial statements and notes. Comparative information for the year ended June 30, 2023 is included, emphasizing current year data and material changes between the two fiscal years, as well as information on currently known facts, decisions, and conditions affecting the financial affairs of the University.

Using the Financial Statements

The University's financial statements are prepared in accordance with generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. The full scope of the University's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic proprietary fund financial statements. Funds held in a fiduciary capacity are reported in separate fiduciary statements.

UNC Charlotte 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*. Note that while The Foundation of the University of North Carolina at Charlotte, Inc. (Foundation) is reported as a discretely presented component unit of the University due to the nature and significance of its relationship to the University, this discussion and analysis excludes it except where specifically noted. For more details on the University's component units, see Note 1 to the Financial Statements.

The University's financial report includes three UNC Charlotte Proprietary Fund financial statements to evaluate financial position as of June 30th and the results of operations for the fiscal year then ended:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows (identifies sources and uses of cash during the fiscal year)

The report includes two financial statements for the Fiduciary Fund:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position

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

The report also includes two financial statements from the University's Foundation:

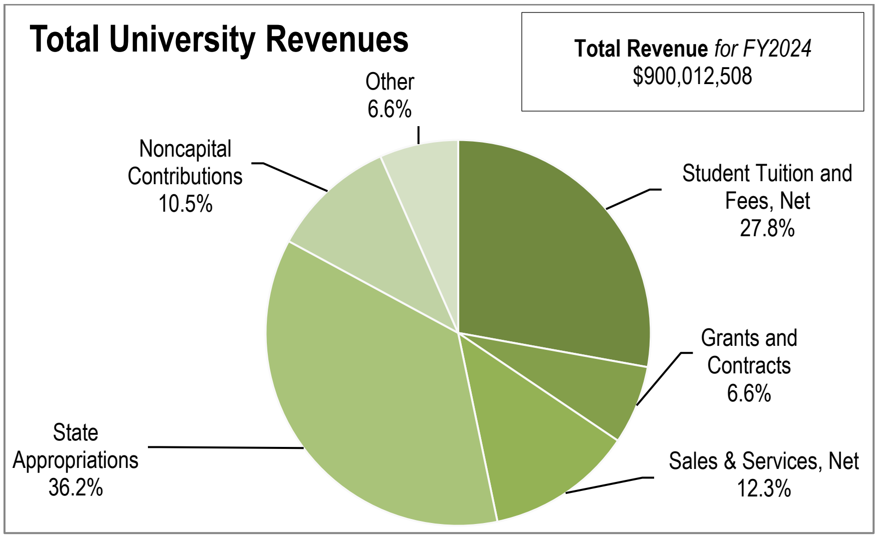
- Consolidated Statement of Financial Position
- Consolidated Statement of Activities

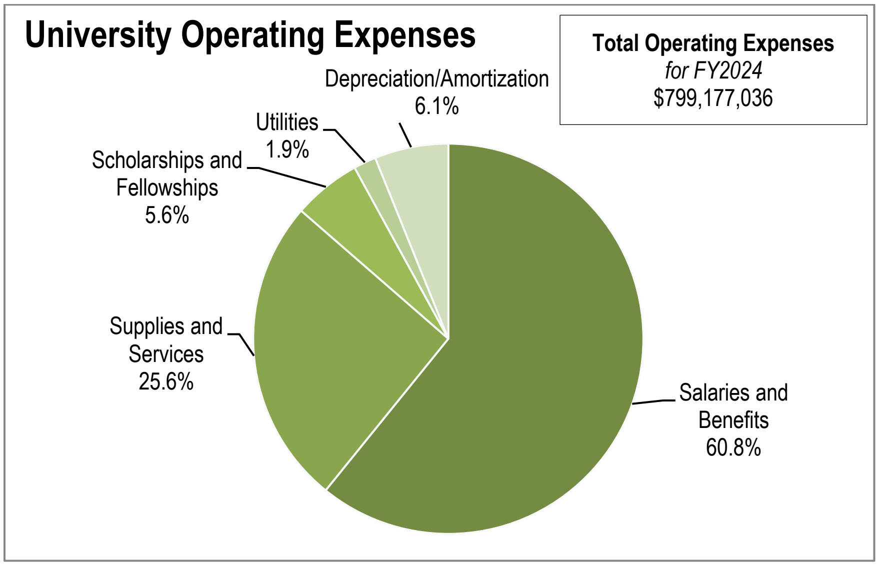
Management's discussion and analysis will concentrate on the University's Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position as condensed comparative financial information is not required for fiduciary activities.

The accompanying Notes to the Financial Statements should be read in conjunction with the financial statements to ascertain a full understanding of the data presented in this report. These disclosures provide information to better understand details, risk, and underlying assumptions associated with amounts reported in the financial statements.

Financial Highlights

The University's total assets increased this fiscal year by 2.3%, or $51.5 million, to $2.3 billion at June 30, 2024. Net position increased by 7.2%, or $80.3 million, to $1.2 billion, reflecting general financial strength. The change in net position is a key measure of the sum effect of the University's fiscal year activities on its financial health. The University recognized $900.0 million in revenues and incurred $799.2 million in operating expenses. Revenues and operating expenses as percentages of totals are shown below.



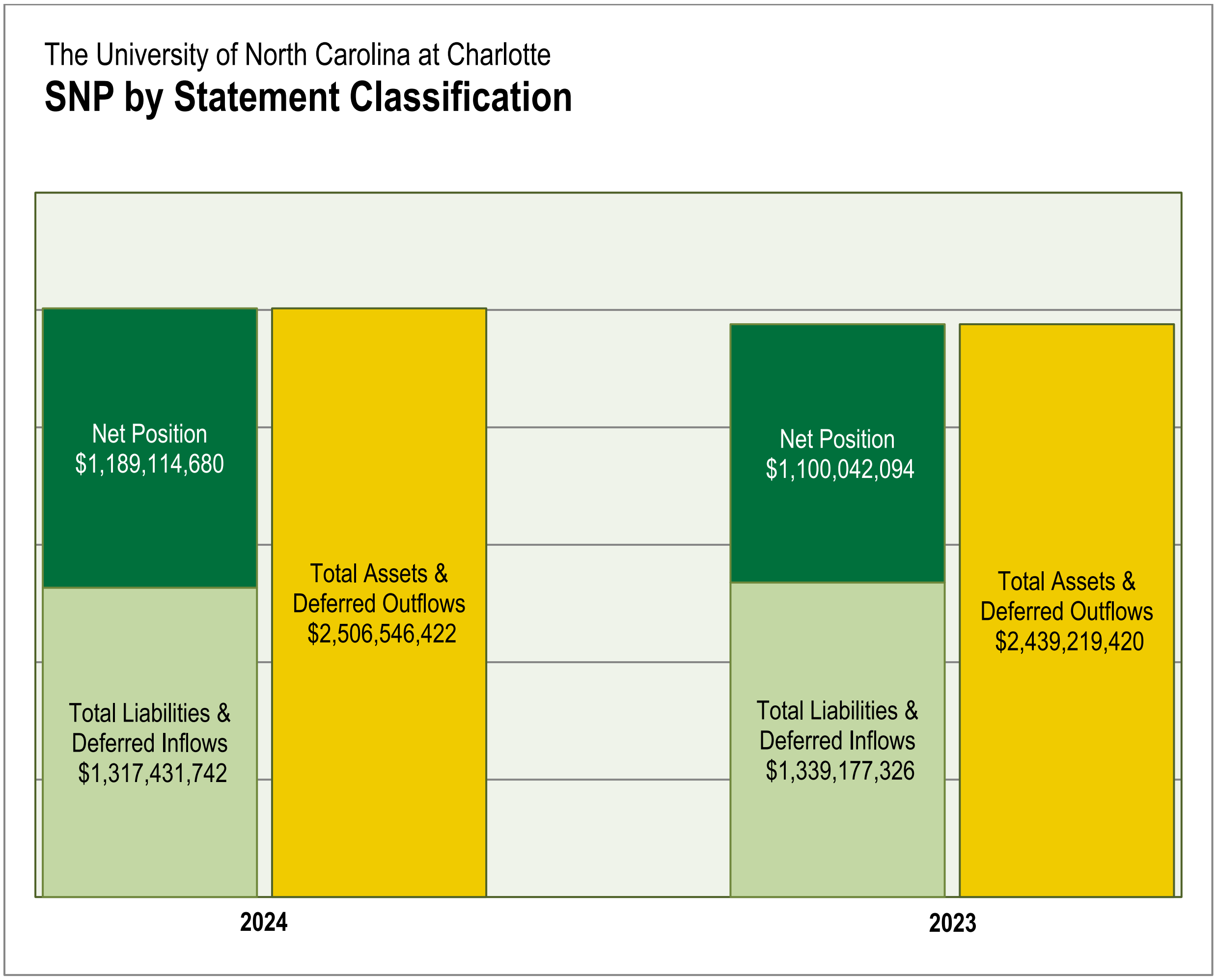


Comparative Condensed Financial Statement Information

Statement of Net Position

The Statement of Net Position (SNP) summarizes the financial position of the University by presenting its assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of the end of the fiscal year. The SNP is a point-in-time financial statement and presents a fiscal snapshot of the University.

The following graph presents a comparison of net position and the categories that comprise net position at June 30, 2024 and June 30, 2023:



The SNP presents a summary of all assets available to continue the operations of the University. The statement also presents a summary of all liabilities, or amounts owed to vendors, investors, and lending institutions. Deferred outflows and inflows of resources represent the consumption or acquisition of net position, respectively, that are applicable to future periods but do not meet the definition of assets or liabilities. Finally, the SNP presents a summary of the net position, which represents the residual interest in the University's assets and deferred outflows of resources, net of its liabilities and deferred inflows of resources.

The following table summarizes and compares condensed balances as reported on the University's SNP as of June 30, 2024 and June 30, 2023. The 2023 amounts presented in the following condensed SNP have not been restated for the changes in grouped assets due to GASB Implementation Guide 2021-1 Question 5.1. See Note 6 for details on the restated balances related to capital grouped assets.

Condensed Statement of Net Position - Proprietary Fund	2024	2023	Change Amount	Change Percent
Assets:				
Current Assets	$ 522,848,914	$ 510,180,073	$ 12,668,841	2.5%
Noncurrent Assets:				
Endowment and Other Investments	211,873,374	201,166,533	10,706,841	5.3%
Capital Assets, Net	1,552,633,285	1,529,524,182	23,109,103	1.5%
Other Noncurrent Assets	46,428,269	41,396,259	5,032,010	12.2%
Total Assets	**2,333,783,842**	**2,282,267,047**	**51,516,795**	**2.3%**
Deferred Outflows of Resources:				
Deferred Loss on Refunding	12,627,321	13,463,343	(836,022)	-6.2%
Deferred Outflows Related to Pensions & OPEB	160,135,259	143,489,030	16,646,229	11.6%
Total Deferred Outflows of Resources	**172,762,580**	**156,952,373**	**15,810,207**	**10.1%**
Liabilities:				
Current Liabilities	59,436,124	64,196,912	(4,760,788)	-7.4%
Noncurrent Liabilities:				
Long-Term Liabilities, Net	1,124,176,383	1,079,855,287	44,321,096	4.1%
Other Noncurrent Liabilities	11,215,451	11,577,807	(362,356)	-3.1%
Total Liabilities	**1,194,827,958**	**1,155,630,006**	**39,197,952**	**3.4%**
Deferred Inflows of Resources:				
Deferred Gain on Refunding	21,014	22,488	(1,474)	-6.6%
Deferred Inflows Related to Pensions & OPEB	121,400,649	182,446,077	(61,045,428)	-33.5%
Deferred Inflows for Leases	1,182,121	1,078,755	103,366	9.6%
Total Deferred Inflows of Resources	**122,603,784**	**183,547,320**	**(60,943,536)**	**-33.2%**
Net Position:				
Net Investment in Capital Assets	1,028,222,091	979,479,670	48,742,421	5.0%
Restricted:				
Nonexpendable	53,981,769	52,812,844	1,168,925	2.2%
Expendable	114,571,662	98,374,822	16,196,840	16.5%
Unrestricted	(7,660,842)	(30,625,242)	22,964,400	75.0%
Total Net Position Before Restatement	1,189,114,680	1,100,042,094	89,072,586	8.1%
Restatement	-	8,793,162	(8,793,162)	
Total Net Position	**$ 1,189,114,680**	**$ 1,108,835,256**	**$ 80,279,424**	**7.2%**

Net position increased to $1.2 billion as of June 30, 2024, reflecting the general financial strength of the University. The University's liquidity remains strong with a current ratio of 8.8. This current ratio, defined as current assets divided by current liabilities, indicates that the University, if needed, could satisfy payment of nearly nine times its current liabilities before current assets were exhausted. Total working capital (current assets less current liabilities) increased by $17.4 million, or 3.9%, to $463.4 million at June 30, 2024, due to an increase in current assets and a decrease in current liabilities, both discussed below. Other highlights of the information presented on the SNP:

- Total assets increased by $51.5 million, or 2.3%, to $2.3 billion at June 30, 2024.
    - Current assets are those that are available to pay for current liabilities or current year expenditures. Current assets increased by $12.7 million in fiscal year 2024, primarily due to an increase in the rate of return on short-term investments.
    - Noncurrent assets increased $38.8 million during the fiscal year primarily due to investment increases of $10.7 million resulting from a higher rate of return and machinery and equipment increases of $20.2 million. The $20.2 million machinery and equipment increase is attributed to $8.8 million in restated grouped assets and $26.1 million in current year purchases, offset by the current year's depreciation expense of $11.7 million and loss on disposals of $3.0 million.
- Total deferred outflows of resources increased by $15.8 million during the fiscal year. This change is mainly due to the net effect of changes to pension and other postemployment benefits (OPEB) balances. The deferred outflow measures fluctuate each year due to changes in pension and OPEB liability/asset assumptions and calculation inputs, such as differences between projected and actual investment earnings, and changes in the University's proportion of the liabilities/assets.
- Total liabilities increased by $39.2 million, or 3.4%, to $1.2 billion at June 30, 2024.
    - Current liabilities, those that are payable in the next fiscal year, decreased by $4.8 million, primarily due to a decrease in accounts payable related to capital projects for the completed residence hall.
    - Noncurrent liabilities increased by $44.0 million during the fiscal year primarily due to the net effect of changes to pension and OPEB balances. See Pension and Other Postemployment Benefits (OPEB) section for further details.
- Total deferred inflows of resources decreased by $60.9 million during the fiscal year, mainly attributable to the net effect of changes to pension and OPEB balances. As with the deferred outflows of resources related to pensions and OPEB, the related deferred inflow measures fluctuate each year due to changes in net OPEB liability/asset assumptions and calculation inputs, such as changes in the discount rate, differences between projected and actual investment earnings, and changes in the University's proportion of the liabilities/assets.
- Net Position is divided into three major categories:
    - Net investment in capital assets: Represents the University's net equity in property, plant, equipment, and right-to-use assets owned by the University, which increased by $48.7 million this fiscal year. Reference the Capital Assets and Debt Administration section for further details.
    - Restricted Net Position
        - Nonexpendable: The corpus of nonexpendable restricted resources (e.g., endowments) that are available for investment purposes. The University's nonexpendable net position did not materially change in fiscal year 2024.
        - Expendable: Restricted resources that must be spent for purposes as determined by donors and external entities that have placed time or purpose restrictions on the use of the assets. The University's expendable net position increased by $16.2 million this fiscal year primarily due to increased funding for capital projects and investment returns.

- Unrestricted Net Position: Represents net equity available for any lawful purpose of the University. The University's unrestricted net position increased by $23.0 million this fiscal year due to the increase in assets resulting from increased earnings on unrestricted funds as well as the $14.5 million decrease in the negative effect of pension and OPEB plan obligations on unrestricted net position as discussed below.

Pension and Other Postemployment Benefits (OPEB)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27, as amended*, along with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, which were effective beginning with fiscal years 2015 and 2018, respectively, have a material effect on the University's reported unrestricted net position. To aid in understanding the continuing impact of GASB Statement Nos. 68 and 75 on available resources, see Note 10 (Net Position) to the Financial Statements, along with the summary below. The net pension and OPEB obligations create a combined $486.0 million negative impact on the University's unrestricted net position. Without these reported obligations, the University's available resources are $478.3 million, an increase of $8.4 million from the prior year. This amount represents available, unrestricted resources held by the University and its blended component unit, along with any operating state funds authorized for carryforward.

Effect of GASB Statement Nos. 68 and 75 on Unrestricted Net Position	2024	2023	Change
Available Resources	$ 478,334,437	$ 469,890,076	$ 8,444,361
Pension Net Obligation (GASB Stmt. No. 68)	(48,545,120)	(41,359,128)	(7,185,992)
OPEB Net Obligation (GASB Stmt. No. 75)	(437,450,159)	(459,156,190)	21,706,031
Total Unrestricted Net Position	**$ (7,660,842)**	**$ (30,625,242)**	**$ 22,964,400**

The net OPEB obligation reported above relates to the Retiree Health Benefit Fund (RHBF) and Disability Income Plan of North Carolina (DIPNC). Two key drivers of the decrease of $14.5 million in the net pension and OPEB obligations were the change of assumptions used to value the net RHBF and DIPNC liabilities, as well as the change in the proportion of the RHBF and DIPNC liabilities allocated to the University. More information on both of these OPEB plans is included in Note 14 (Other Postemployment Benefits) to the Financial Statements.

Statement of Revenues, Expenses, and Changes in Net Position

Changes in total net position, as presented in the SNP, are based on activity presented in the Statement of Revenues, Expenses, and Changes in Net Position (SRECNP). The purpose of the SRECNP is to present revenues and expenses earned and incurred, respectively, by the University during the fiscal year.

GASB accounting principles determine the categorization of revenues and expenses as either operating or nonoperating activities. Because GASB Statement No. 34 requires that revenues from state appropriations, Pell Grants, and gifts be considered nonoperating while the expenses funded from these revenues are categorized as operating, the University will nearly always demonstrate an operating loss on its SRECNP.

Other revenues, expenses, gains, and losses recognized by the University, as applicable, and not classified as operating or nonoperating, are presented separately on the statement below the Income Before Other Revenues line.

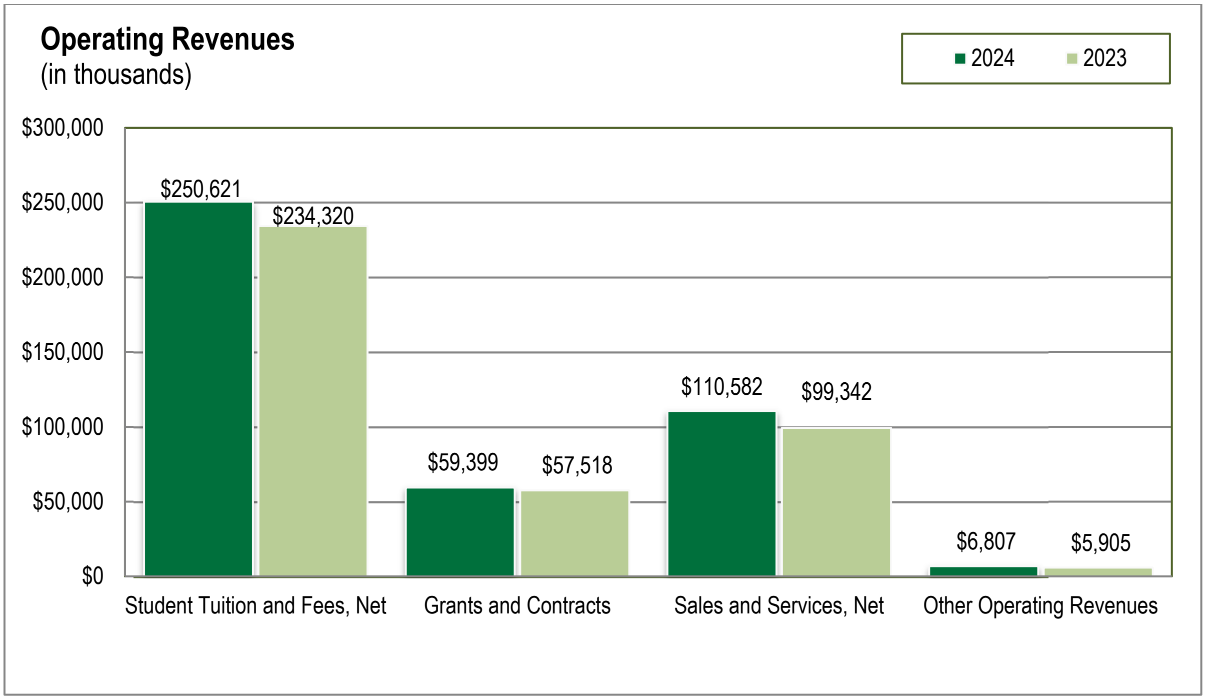
The following table summarizes and compares the University's results of operations for the fiscal years ended June 30, 2024 and June 30, 2023.

Condensed Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	2024	2023	Change Amount	Change Percent
Operating Revenues:				
Student Tuition and Fees, Net	$ 250,620,701	$ 234,320,005	$ 16,300,696	7.0%
Grants and Contracts	59,399,212	57,517,716	1,881,496	3.3%
Sales and Services, Net	110,582,339	99,342,496	11,239,843	11.3%
Other Operating Revenues	6,806,878	5,905,294	901,584	15.3%
Total Operating Revenues	**427,409,130**	**397,085,511**	**30,323,619**	**7.6%**
Operating Expenses:				
Salaries and Benefits	486,151,238	402,168,363	83,982,875	20.9%
Supplies and Services	204,283,186	181,708,875	22,574,311	12.4%
Scholarships and Fellowships	45,047,395	43,912,583	1,134,812	2.6%
Utilities	14,856,898	14,310,601	546,297	3.8%
Depreciation/Amortization	48,838,319	42,011,537	6,826,782	16.2%
Total Operating Expenses	**799,177,036**	**684,111,959**	**115,065,077**	**16.8%**
Operating Loss	**(371,767,906)**	**(287,026,448)**	**(84,741,458)**	**29.5%**
Nonoperating Revenues (Expenses):				
State Appropriations	325,369,553	310,557,428	14,812,125	4.8%
Federal Aid - COVID-19	-	7,506,098	(7,506,098)	-100.0%
Noncapital Contributions, incl. Student Financial Aid	94,450,222	92,606,502	1,843,720	2.0%
Investment Income, Net	27,305,976	16,684,850	10,621,126	63.7%
Interest and Fees on Debt, Net of Subsidy	(16,749,078)	(17,246,307)	497,229	-2.9%
Other Nonoperating Expenses	(3,109,834)	(2,526,475)	(583,359)	23.1%
Net Nonoperating Revenues	**427,266,839**	**407,582,096**	**19,684,743**	**4.8%**
Income Before Other Revenues	**55,498,933**	**120,555,648**	**(65,056,715)**	**-54.0%**
Capital Contributions	21,901,013	6,102,513	15,798,500	258.9%
Additions to Endowments	2,879,478	1,190,995	1,688,483	141.8%
Increase in Net Position	**80,279,424**	**127,849,156**	**(47,569,732)**	**-37.2%**
Net Position, Beginning of Year	1,108,835,256	972,192,938	136,642,318	14.1%
Restatement	-	8,793,162	(8,793,162)	
Net Position, End of Year	**$ 1,189,114,680**	**$ 1,108,835,256**	**$ 80,279,424**	**7.2%**

Fiscal year 2023-24 total revenues were $900,012,508 and total expenses were $819,733,084
Fiscal year 2022-23 total revenues were $832,463,487 and total expenses were $704,614,331

The overall increase in net position of $80.3 million was significantly less than the overall increase for fiscal year 2023. Below are some of the significant changes in activity:

- Total operating revenues increased by $30.3 million, or 7.6%, as compared to the prior fiscal year.
    - Student tuition and fees (net) increased by $16.3 million as a result of increased enrollment.
    - Sales and services (net) revenue increased by $11.2 million, or 11.3%, primarily driven by a continued increased on-campus presence of students and increased operating capacity of dining and housing.



- Operating expenses are those incurred to acquire or produce the goods and services provided to fulfill the mission of the University. Total operating expenses increased by $115.1 million, or 16.8%, from the prior year, to $799.2 million.

  - Salaries and benefits expenses increased by $84.0 million, primarily due to a $50.4 million increase in pension and OPEB expenses recognized related to GASB Statement Nos. 68 and 75. In addition, there was a $27.7 million increase in salaries expense, mainly due to a 4% legislatively-mandated raise for all employees.

  - Supplies and services expenses increased by $22.6 million primarily due to increased volume within auxiliary operations, such as a larger number of students purchasing meal plans and bookstore materials, and an increase in repairs and maintenance across campus.

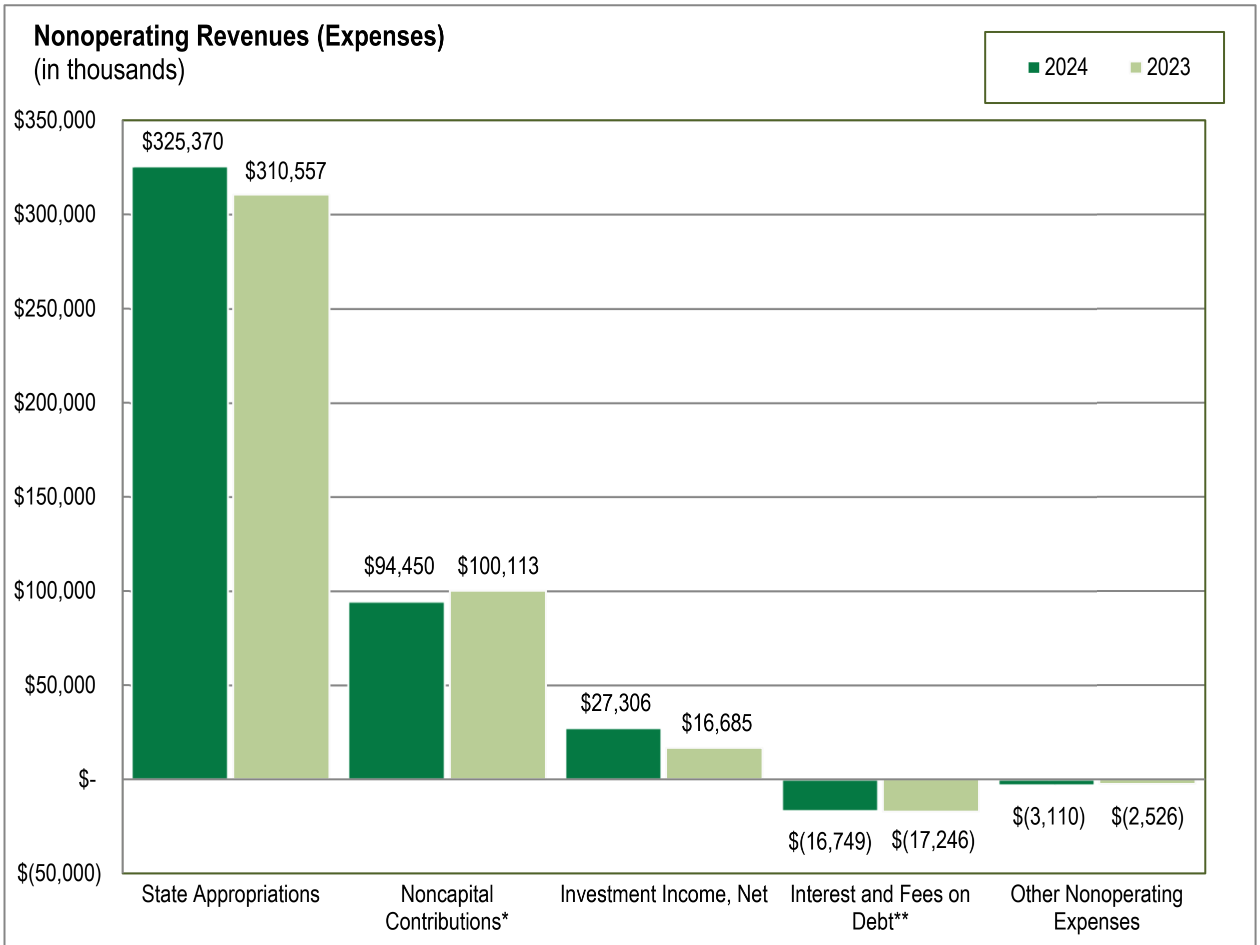
  - Depreciation/Amortization increased by $6.8 million, primarily due to the additional depreciation related to grouped assets.

- Nonoperating revenues are those received for which goods and services are not provided. Certain significant recurring sources of the University's revenues, including state appropriations, are classified as nonoperating because they are provided to the University without the provider directly receiving commensurate goods and services for those revenues. The University's net nonoperating revenues were $427.3 million in fiscal year 2024, a $19.7 million, or 4.8% increase compared to the prior year.

  - State appropriations increased by $14.8 million due to an allocation from the State for legislative increases in employee salaries and benefits.

  - Federal COVID-19 aid decreased by $7.5 million due to discontinued federal funding.

- Investment income (net) increased by $10.6 million primarily due to an increase in Short-Term Investment Fund (STIF) interest rates and a higher rate of return on investments.



*Noncapital Contributions presented above includes Student Financial Aid and Coronavirus Pandemic Aid.
** Interest and Fees on Debt presented above is shown net of the Federal Interest Subsidy.

- Other revenues increased $17.5 million, of which $15.8 million was attributable to increased capital contributions. For explanations of the material changes in capital contributions, see the Capital Asset and Debt Administration section below.

Capital Assets and Debt Administration

The University remains committed to providing quality education, research, residential life, and other services to the region as student and community needs evolve. A critical factor in meeting these commitments is the University's ability to strategically enhance its capital assets.

Total capital assets, by major classification and net of accumulated depreciation and amortization, are presented below for the fiscal years ended June 30, 2024, and June 30, 2023. Information regarding changes in capital assets is also disclosed in Note 6 to the Financial Statements.

Capital Assets, Net of Accumulated Depreciation/Amortization	2024	2023	Change Amount	Change Percent
Land and Land Improvements	$ 14,393,560	$ 14,390,891	$ 2,669	0.0%
Art, Literature, and Artifacts	38,881,647	38,354,167	527,480	1.4%
Construction in Progress	13,463,715	77,584,565	(64,120,850)	-82.6%
Buildings	1,152,548,611	1,096,460,889	56,087,722	5.1%
Machinery and Equipment	96,181,021	75,954,060	20,226,961	26.6%
General Infrastructure	207,213,711	202,095,053	5,118,658	2.5%
Computer Software	7,246,540	7,836,679	(590,139)	-7.5%
Right-to-Use Leased Buildings	4,550,932	4,892,962	(342,030)	-7.0%
Right to-Use-Leased Machinery and Equipment	473,543	910,659	(437,116)	-48.0%
Right-to-Use Subscription Assets	17,680,005	11,044,257	6,635,748	60.1%
Total Capital Assets, Net	**$ 1,552,633,285**	**$ 1,529,524,182**	**$ 23,109,103**	**1.5%**

Construction in progress (CIP) at the end of the year was $13.5 million, a $64.1 million net decrease from the prior year. The overall CIP decrease is the net of a $73.0 million decrease primarily due to the completion of Wilson Hall (Phase XVI) and the Student Union dining hall renovations, offset by an increase of $9.0 million for costs incurred during the fiscal year on various construction projects, such as the Burson renovation, that were not yet completed as of June 30, 2024.

Machinery and equipment at the end of the year was $96.2 million, a $20.2 million increase from the prior year. This was primary due to the University implementing GASB Implementation Guide 2021-1 Question 5.1 Asset Capitalization policy for capitalizing group purchases of individual assets below capitalization threshold but significant in the aggregate. This resulted in recording additional machinery and equipment. Additional information regarding the University's accounting for grouped assets can be found in Note 1 and in Note 6.

The University also had $33.5 million in outstanding commitments on construction contracts as of June 30, 2024. The bulk of these commitments are related to the Cameron Building second floor renovation project in progress.

Capital contributions increased by $15.8 million, primarily due to a $9.3 million donation of the Student Tailgate zone, and an $8.3 million increase in State Capital and Infrastructure Funds (SCIF) for repairs and renovations in areas including the Center for Digital Engineering and Atkins library tower.

The University is mindful of its financial stewardship and is committed to effective resource management, including the prudent use of debt to finance capital projects. Long-term debt is primarily issued for specific capital needs. The University's available funds, excluding tuition and state appropriations, are pledged to pay the bonds. The University maintained its credit rating this year from Moody's Investors Service, of 'Aa3' with a stable outlook, and was recently upgraded by Standard & Poor's to 'AA-' with a stable outlook. These ratings reflect the University's strong enterprise profile driven by solid enrollment trends, stable financial operations, and consistent operating and capital support from AAA-rated State of North Carolina, along with a capable management team. All funding decisions support the University's long-term strategic plan and are made to be as cost effective as possible in the prevailing economic environment. For additional information on the University's debt administration, see Note 8 to the Financial Statements.

Economic Outlook

Management remains prudent, conservative, and strategic in managing the institution's financial affairs to support the University's mission. The overall outlook for the four-year U.S. higher education sector, per Moody's Investors Service, was revised to stable from negative in December 2023 due to expense and revenue growth moving closer to equilibrium and positive trends noted with institutions' financial reserves, investment returns, and gift revenues. As of June 2024, Moody's retained this outlook but indicated that continued inflation pressures remain elevated, largely driven by labor costs. UNC Charlotte will continue to rely on enrollment demand and governmental support as two of the most significant drivers of the University's revenue base, along with grants and contracts revenue, gift and endowment income, and sales and services. The University benefits from its membership in the University of North Carolina (UNC) system through economies of scale and receives consistent capital and operating support. Moving forward, the University will continue to strategically invest in areas that will contribute to student success and help advance the University's goals for achieving academic and research excellence as outlined in the University's strategic plan, "Shaping What's Next". Information about the Strategic Plan and related metrics can be found at strategicplan.charlotte.edu.

Focus on access, affordability, and student outcomes at the state and national level, coupled with UNC Charlotte's emphasis on value for its students, will constrain tuition increases to those that are necessary to meet operational needs, a trend typical among public universities. UNC Charlotte's tuition and fee rates remain low compared to public peers. There was a 3.2% increase in graduate and non-resident undergraduate tuition rates for the 2024-2025 academic year. North Carolina's fixed tuition program, which freezes tuition rates for new resident undergraduate students over a period of continuous enrollment and limits the overall increase in undergraduate student fees to 3% per academic year for all UNC system institutions, was implemented in 2016 and remains in place.

Though tuition and fee rates are constrained, UNC Charlotte had a record-breaking enrollment as the University enrolled more than 31,000 students for the Fall 2024 semester. UNC Charlotte is the largest university in the continuously growing Charlotte region and remains the only urban research university in the UNC system. UNC Charlotte also enrolls more transfer students than any other university in North Carolina and offers more than 160 degree programs to a culturally diverse student population.

Approximately 75% of UNC Charlotte students receive some form of financial aid, and approximately 37% of undergraduates are Pell Grant recipients. This, in addition to the fact that the majority of the University's research funding is from federal grants, causes the federal budget to remain a key consideration of the financial outlook. Access, affordability, and accountability remain concerns for the higher education industry.

Management is fully committed to making sound fiscal decisions to withstand current and future economic uncertainties and remains dedicated to UNC Charlotte's mission to transform lives, communities, and industries through access and affordability, exemplary bachelor's, master's, doctoral, and professional programs, scholarship, creative work, innovation, and service.

Contacting the University's Financial Management

This financial report is designed to provide our citizens, investors, and creditors with a general overview of the University's finances and show accountability for all funds received. Additional financial information may be obtained by accessing the Financial Services webpage (finance.charlotte.edu) or contacting the Controller (704) 687-5786 or Associate Vice Chancellor for Finance (704) 687-5813.

Financial Statements

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

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	373,386,382
Restricted Cash and Cash Equivalents		23,824,980
Short-Term Investments		88,238,207
Restricted Short-Term Investments		675,000
Receivables, Net (Note 5)		21,266,367
Inventories		317,135
Notes Receivable, Net (Note 5)		194,287
Leases Receivable (Note 9)		304,836
Prepaid Items		14,641,720
Total Current Assets		522,848,914
Noncurrent Assets:		
Restricted Cash and Cash Equivalents		44,255,281
Endowment Investments		204,020,496
Restricted Investments		7,852,878
Notes Receivable, Net (Note 5)		1,158,205
Leases Receivable (Note 9)		1,014,783
Capital Assets - Nondepreciable (Note 6)		66,738,922
Capital Assets - Depreciable, Net (Note 6)		1,485,894,363
Total Noncurrent Assets		1,810,934,928
Total Assets		2,333,783,842
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refunding		12,627,321
Deferred Outflows Related to Pensions		77,748,641
Deferred Outflows Related to Other Postemployment Benefits (Note 14)		82,386,618
Total Deferred Outflows of Resources		172,762,580
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 7)		10,482,624
Deposits Payable		415,861
Unearned Revenue		12,211,981
U.S. Government Grants Refundable		245,342
Interest Payable		4,570,011
Long-Term Liabilities - Due to University Component Unit - Current Portion (Note 8)		675,000
Long-Term Liabilities - Current Portion (Note 8)		30,835,305
Total Current Liabilities		59,436,124

Noncurrent Liabilities:	
Accounts Payable and Accrued Liabilities (Note 7)	71,555
Funds Held for Others	123,294
Unearned Revenue	9,505,598
U.S. Government Grants Refundable	1,515,004
Long-Term Liabilities - Due to University Component Unit (Note 8)	68,854,731
Long-Term Liabilities, Net (Note 8)	1,055,321,652
Total Noncurrent Liabilities	1,135,391,834
Total Liabilities	1,194,827,958
DEFERRED INFLOWS OF RESOURCES	
Deferred Gain on Refunding	21,014
Deferred Inflows Related to Pensions	2,692,681
Deferred Inflows Related to Other Postemployment Benefits (Note 14)	118,707,968
Deferred Inflows for Leases	1,182,121
Total Deferred Inflows of Resources	122,603,784
NET POSITION	
Net Investment in Capital Assets	1,028,222,091
Restricted:	
Nonexpendable:	
Scholarships and Fellowships	7,112,414
Endowed Professorships	41,983,206
Departmental Uses	4,121,208
Loans	548,944
Other	215,997
Total Restricted-Nonexpendable Net Position	53,981,769
Expendable:	
Scholarships and Fellowships	12,099,496
Research	4,839,226
Endowed Professorships	35,800,067
Departmental Uses	8,869,604
Capital Projects	42,125,993
Hotel Operations	7,824,086
Debt Service	28,909
Other	2,984,281
Total Restricted-Expendable Net Position	114,571,662
Unrestricted	(7,660,842)
Total Net Position	$ 1,189,114,680

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

The University of North Carolina at Charlotte
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2024

Exhibit A-2

OPERATING REVENUES	
Student Tuition and Fees, Net (Note 11)	$ 250,620,701
Federal Grants and Contracts	50,155,400
State and Local Grants and Contracts	4,017,647
Nongovernmental Grants and Contracts	5,226,165
Sales and Services, Net (Note 11)	110,582,339
Interest Earnings on Loans	76,582
Other Operating Revenues	6,730,296
Total Operating Revenues	427,409,130
OPERATING EXPENSES	
Salaries and Benefits	486,151,238
Supplies and Services	204,283,186
Scholarships and Fellowships	45,047,395
Utilities	14,856,898
Depreciation/Amortization	48,838,319
Total Operating Expenses	799,177,036
Operating Loss	(371,767,906)
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	325,369,553
Student Financial Aid	80,219,209
Noncapital Contributions	14,231,013
Investment Income (Net of Investment Expense of $859,578)	27,305,976
Interest and Fees on Debt	(17,446,214)
Federal Interest Subsidy on Debt	697,136
Other Nonoperating Expenses	(3,109,834)
Net Nonoperating Revenues	427,266,839
Income Before Other Revenues	55,498,933
Capital Contributions	21,901,013
Additions to Endowments	2,879,478
Total Other Revenues	24,780,491
Increase in Net Position	80,279,424
NET POSITION	
Net Position - July 1, 2023, as Restated (Note 20)	1,108,835,256
Net Position - June 30, 2024	$ 1,189,114,680

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

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

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from Customers	$ 424,049,916
Payments to Employees and Fringe Benefits	(499,456,711)
Payments to Vendors and Suppliers	(219,351,804)
Payments for Scholarships and Fellowships	(45,047,395)
Loans Issued	(184,465)
Collection of Loans	319,421
Interest Earned on Loans	85,017
Student Deposits Returned	(346,300)
William D. Ford Direct Lending Receipts	109,412,763
William D. Ford Direct Lending Disbursements	(109,412,763)
Related Activity Agency Receipts	22,901,522
Related Activity Agency Disbursements	(22,781,030)
Other Receipts	6,296,703
Net Cash Used by Operating Activities	(333,515,126)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	325,369,553
Student Financial Aid	79,602,783
Noncapital Contributions	14,933,161
Additions to Endowments	2,879,478
Total Cash Provided by Noncapital Financing Activities	422,784,975
CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES	
Capital Contributions	11,914,356
Proceeds from Insurance on Capital Assets	75,500
Proceeds from Lease Arrangements	134,630
Acquisition and Construction of Capital Assets	(51,649,396)
Principal Paid on Capital Debt and Lease/Subscription Liabilities	(29,761,034)
Interest and Fees Paid on Capital Debt and Leases/Subscription Liabilities	(18,499,025)
Federal Interest Subsidy on Debt Received	974,949
Net Cash Used by Capital Financing and Related Financing Activities	(86,810,020)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	6,147,507
Investment Income	18,493,756
Purchase of Investments and Related Fees	(96,212,405)
Net Cash Used by Investing Activities	(71,571,142)
Net Decrease in Cash and Cash Equivalents	(69,111,313)
Cash and Cash Equivalents - July 1, 2023	510,577,956
Cash and Cash Equivalents - June 30, 2024	$ 441,466,643

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

Exhibit A-3

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss	$ (371,767,906)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation/Amortization Expense	48,838,319
Lease Income (Amortized Deferred Inflows of Resources)	(194,965)
Allowances, Write-Offs, and Amortizations	1,229,433
Other Nonoperating Income	509,789
Changes in Assets and Deferred Outflows of Resources:	
Receivables, Net	31,874
Inventories	(200)
Notes Receivable, Net	153,054
Prepaid Items	(2,141,312)
Deferred Outflows Related to Pensions	(10,962,881)
Deferred Outflows Related to Other Postemployment Benefits	(5,683,348)
Changes in Liabilities and Deferred Inflows of Resources:	
Accounts Payable and Accrued Liabilities	1,511,643
Funds Held for Others	20,981
Unearned Revenue	2,036,428
Net Pension Liability	19,545,118
Net Other Postemployment Benefits Liability	44,152,919
Compensated Absences	1,352,067
Deposits Payable	(372,788)
Workers' Compensation Liability	(727,923)
Deferred Inflows Related to Pensions	(1,396,245)
Deferred Inflows Related to Other Postemployment Benefits	(59,649,183)
Net Cash Used by Operating Activities	$ (333,515,126)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through the Assumption of a Liability	$ 14,855,080
Assets Acquired through a Gift	9,986,657
Change in Fair Value of Investments	4,487,990
Loss on Disposal of Capital Assets	(3,172,854)
Amortization of Bond Premiums/Discounts	(1,797,017)
Amortization of Deferred Gain on Refunding	(1,474)
Amortization of Deferred Loss on Refunding	836,022
Decrease in Net Other Postemployment Benefits Liability Related to Noncapital Contributions	(526,419)

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

The University of North Carolina at Charlotte
Statement of Fiduciary Net Position
Fiduciary Fund - Custodial Funds
June 30, 2024

Exhibit B-1

		External Investment Pool Funds
ASSETS		
Cash and Cash Equivalents	$	324,805
Investments (Note 2):		
Pooled Investment Funds		22,278,883
Total Assets		22,603,688
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources		-
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 7)		11,928
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources		-
NET POSITION		
Restricted for:		
Pool Participants	$	22,591,760

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

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

	External Investment Pool Funds
ADDITIONS	
Contributions:	
Pool Participants	$ 484,803
Investment Activity:	
Investment Income	1,906,303
Investment Expenses	(82,757)
Net Investment Income	1,823,546
Total Additions	2,308,349
DEDUCTIONS	
Withdrawals and Distributions	815,366
Increase in Fiduciary Net Position	1,492,983
NET POSITION	
Net Position - July 1, 2023	21,098,777
Net Position - June 30, 2024	$ 22,591,760

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

The Foundation of the University of North Carolina at Charlotte, Inc.
Consolidated Statement of Financial Position
June 30, 2024 — *Exhibit C-1*

ASSETS		
Cash and Cash Equivalents	$	38,026,806
Restricted Cash Equivalents		3,695,000
Prepaid Expenses and Other Assets		131,431
Contributions Receivable, Net		13,098,910
Beneficial Interests in Lead Trusts		461,743
Beneficial Interests in Assets Held by Other		2,047,539
Investments		209,925,926
Cash Surrender Value of Life Insurance		955,715
Due from University		69,529,731
Property Held for Investment		1,685,783
Total Assets	$	339,558,584
LIABILITIES		
Accounts Payable and Accrued Expenses	$	940,018
Liability Under Split-Interest Agreements		2,799,030
Funds Held for Others		69,563
Debt		63,835,363
Total Liabilities		67,643,974
NET ASSETS		
Without Donor Restrictions		29,100,466
With Donor Restrictions		242,814,144
Total Net Assets		271,914,610
Total Liabilities and Net Assets	$	339,558,584

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

The Foundation of the University of North Carolina at Charlotte, Inc.
Consolidated Statement of Activities
For the Fiscal Year Ended June 30, 2024 ***Exhibit C-2***

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions of Cash and Other Financial Assets	$ 190,322	$ 18,388,409	$ 18,578,731
Contributions of Nonfinancial Assets	-	1,788,888	1,788,888
Support from Affiliate	4,318,391	785,231	5,103,622
Investment Income	3,779,412	14,306,295	18,085,707
Other Revenue and Support	667,740	218,913	886,653
Total Support and Revenue	8,955,865	35,487,736	44,443,601
Net Assets Released from Restrictions	27,829,183	(27,829,183)	-
Total Revenue, Gains, and Other Support	36,785,048	7,658,553	44,443,601
EXPENSES			
Program Services:			
Contributions to UNC Charlotte	26,677,982	-	26,677,982
Research and Other Programs	3,831,824	-	3,831,824
Total Program Services	30,509,806	-	30,509,806
Support Services:			
General and Administrative	1,141,748	-	1,141,748
Fundraising Support	3,585,873	-	3,585,873
Total Support Services	4,727,621	-	4,727,621
Total Expenses	35,237,427	-	35,237,427
Change in Net Assets Before Write-Offs and Transfers	1,547,621	7,658,553	9,206,174
Write-Off of Contributions Receivable	-	(220,701)	(220,701)
Transfers Between Net Asset Classes	(1,525,868)	1,525,868	-
Change in Net Assets	21,753	8,963,720	8,985,473
NET ASSETS			
Net Assets at Beginning of Year	29,078,713	233,850,424	262,929,137
Net Assets at End of Year	$ 29,100,466	$ 242,814,144	$ 271,914,610

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

Notes to the Financial Statements

Note 1 - Significant Accounting Policies

A. Financial Reporting Entity - The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. The University of North Carolina at Charlotte (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 either blended or discretely presented 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 Unit - Although legally separate, The University of North Carolina at Charlotte Investment Fund, Inc. (UNCCIF), a component unit of the University, is reported as if it was part of the University.

The UNCCIF is governed by a board consisting of three ex officio directors and four elected directors. The UNCCIF's purpose is to support the University by operating an investment fund for nonprofit foundations, associations, trusts, endowments, and funds that are organized and operated primarily to support the University. Its participant investors include the University, The Foundation of the University of North Carolina at Charlotte, Inc. (Foundation), and The Athletic Foundation of the University of North Carolina at Charlotte, Inc. (Athletic Foundation – see Note 17). The UNCCIF is a governmental external investment pool. Because two of the seven elected directors of the UNCCIF are administrators of the University and the elected directors are appointed by the members of the investors' Board of Trustees, and the UNCCIF's primary purpose is to benefit the University, its financial statements have been blended with those of the University, with the exception of the portion belonging to the Foundation, which is discretely presented (as discussed below), and the portion belonging to the Athletic Foundation, which is presented in separate fiduciary statements.

Separate financial statements for the UNCCIF may be obtained from the University Treasury Services Office, at treasuryservices@charlotte.edu, or by calling (704) 687-5432.

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

Discretely Presented Component Unit - The Foundation of the University of North Carolina at Charlotte, Inc. (Foundation) is a legally separate nonprofit corporation and is reported as a discretely presented component unit based on the nature and significance of its relationship to the University.

The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the University in support of its programs. The Foundation board consists of 34 officers and directors. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the University, the Foundation is considered a component unit of the University and is reported in separate consolidated financial statements because of the difference in its reporting model, as described below.

The Foundation is a private nonprofit organization that reports its financial results under the Financial Accounting Standards Board (FASB) Codification. As such, certain revenue recognition criteria and presentation features are different from the Governmental Accounting Standards Board revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

During the year ended June 30, 2024, the Foundation distributed $26,677,982 to the University for both restricted and unrestricted purposes. The University provided professional services to the Foundation of $5,103,622 for the year ended June 30, 2024. The Endowment Fund of the University has an Agreement with the Foundation to make funds generated from the operation of the UNC Charlotte Hotel and Conference Center (Hotel) available to the Foundation to be used by the Foundation in payment of debt service and the Foundation's subordinate obligation related to the Hotel as defined by the Agreement. As of June 30, 2024, the Endowment has recorded $69,529,731 as a due to component unit liability related to this Agreement. Additional disclosure related to this Agreement are in Note 8.

Complete consolidated financial statements for the Foundation can be obtained from the University Treasury Services Office, at treasuryservices@charlotte.edu or by calling (704) 687-5432.

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 UNCCIF for the Athletic Foundation of the University of North Carolina at Charlotte, Inc., a related party to the University.

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. 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.

Investments that cannot be used to pay current liabilities are classified as noncurrent assets in the Statement of Net Position.

Real estate not held by a governmental external investment pool and certain other asset holdings are reported at fair value as determined by appraisal as of June 30, 2024. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

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, and private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants. Receivables are recorded net of estimated uncollectible amounts.

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

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

The University capitalizes assets that have a value or cost of $5,000 or greater at the date of acquisition and an estimated useful life of more than one year except for internally generated computer software which is capitalized when the value or cost is $1,000,000 or greater and other intangible assets which are capitalized when the value or cost is $100,000 or greater. In addition, grouped acquisitions of machinery and equipment with a cost of $120,000 or greater that have an estimated useful life of more than one year but are individually below the $5,000 threshold are capitalized.

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

Asset Class	Estimated Useful Life
Buildings	15-75 years
Machinery and Equipment	4-24 years
General Infrastructure	10-75 years
Computer Software	10-20 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 $1,100,000 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 $250,000 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, unspent debt proceeds, 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, notes from direct borrowings, and an amount due to the University's component unit. Other long-term liabilities include: 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 or discounts. The University amortizes bond premiums/discounts over the life of the bonds using the straight-line method that approximates the effective interest method. Deferred gains and losses on refundings are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method, and are aggregated as deferred outflows of resources or deferred inflows of resources on the Statement of Net Position. Issuance costs are expensed in the reporting period in which they are incurred.

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

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

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

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

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

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

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

Proprietary Fund

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

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

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

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

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

Fiduciary Fund

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

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

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

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

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

Note 2 - Deposits and Investments

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

At June 30, 2024, the amount shown on the Statement of Net Position as cash and cash equivalents includes $440,645,949, which represents the University's equity position in the State Treasurer's Short-Term Investment Fund (STIF). The STIF (a portfolio within the State Treasurer's Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission or subject to any other regulatory oversight and does not have a credit rating) had a weighted average maturity of 1.4 years as of June 30, 2024. Assets and shares of the STIF are valued at fair value. Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's STIF) are included in the North Carolina Department of State Treasurer Investment Programs' separately issued audit report. This separately issued report can be obtained from the Department of State Treasurer, 3200 Atlantic Avenue, Raleigh, NC 27604 or can be accessed from the Department of State Treasurer's website at https://www.nctreasurer.com/ in the Audited Financial Statements section.

Cash on hand at June 30, 2024 was $15,120. The carrying amount of the University's deposits not with the State Treasurer on the Statement of Net Position was $805,574, and the bank balance was $1,611,299. Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University does not have a deposit policy for custodial credit risk. As of June 30, 2024, the University's bank balance was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging Bank's Trust Department not in University's Name	$ 1,025,105

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the deposit. At June 30, 2024, $24,042 of the total bank balance was denominated in Euros, and was therefore exposed to foreign currency risk. The University does not have a formal policy for foreign currency risk.

B. Investments

University - 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 University's component unit, the UNCCIF, 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 certain fixed income holdings to U.S. Government and U.S. Government guaranteed securities.

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 certain fixed income holdings to U.S. Government and U.S. Government guaranteed securities, and money market mutual funds that have a AAA rating and only invest in U.S. Government obligations and/or repurchase agreements collateralized by U.S. Government obligations.

External Investment Pool - The External Investment Pool (Pool) sponsored by the University was established in November 2004. The Pool is utilized to manage the investments for endowments that are organized and operated primarily to support the University. University endowment funds and the Foundation, which is a discretely presented component unit included in the University's reporting entity, represent the Pool's internal participants. The Athletic Foundation of the University of North Carolina at Charlotte, Inc., an affiliated organization not included in the University's reporting entity, represents the Pool's external participant. Fund ownership of the Pool is measured using the unit market value method. Under this method, each participating fund's investment balance is determined based on number of units of ownership purchased. Thereafter, the pooled assets are valued quarterly, and a new market value is determined. The external portion of the Pool is presented in the accompanying fiduciary fund financial statements.

The External Investment Pool is not registered with the SEC and is not subject to any formal oversight other than that provided by the Board of Directors. The Board is responsible for adopting investment objectives and policies, for hiring investment advisors, and for monitoring policy implementation and investment performance. The Board has chosen not to make individual security selection decisions. The Board's primary role is to oversee the allocation of the Pool's portfolio among the asset classes, investment vehicles, and investment managers.

The UNCCIF is the custodian for the Pool and provides the University with quarterly statements defining income and valuation, which is then allocated among the fund's participants. There are no involuntary participants in the Pool. The University has not provided or obtained any legally binding guarantees during the period to support the value for the Pool's investments.

The following table presents investments by type and investments subject to interest rate risk at June 30, 2024, for the External Investment Pool, including both proprietary and fiduciary funds. See Note 2C below for further details regarding investments by fund type within the External Investment Pool.

External Investment Pool

	Amount
Investment Type	
Other Securities	
UNC Investment Fund	$ 119,394,907
Global Endowment Fund II, LP	20,712,572
Total External Investment Pool	$ 140,107,479

The UNCCIF invests with two external investment firms, a limited partnership interest, Global Endowment Fund II, LP and the UNC Investment Fund LLC (UNC Investment Fund), an external investment pool. Global Endowment Management, LP is registered with the SEC, but neither firm has a credit rating, nor are they subject to any regulatory oversight. Investment risks associated with Global Endowment Fund II, LP are included in the audited financial statements of the Global Endowment Fund II, LP, which may be obtained from Global Endowment Management, LP, 224 W. Tremont Avenue, Charlotte, NC 28203. Investment risks associated with the UNC Investment Fund are included in audited financial statements of the UNC Investment Fund, LLC which may be obtained from UNC Management Company, Inc., 1400 Environ Way, Chapel Hill, NC 27517.

Separate financial statements for the UNCCIF may be obtained from the University Treasury Services Office at treasuryservices@charlotte.edu, or by calling (704) 687-5432.

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

Non-Pooled Investments

		Investment Maturities (in Years)	
	Amount	Less Than 1	1 to 5
Investment Type			
Debt Securities			
U.S. Treasuries	$ 88,126,249	$ 43,334,328	$ 44,791,921
Money Market Mutual Funds	8,639,836	8,639,836	-
Total Debt Securities	96,766,085	$ 51,974,164	$ 44,791,921
Other Securities			
Investments in Real Estate	86,191,900		
Total Non-Pooled Investments	$ 182,957,985		

At June 30, 2024, the money market mutual funds with an amortized cost of $8,639,836 were rated AAAm and Aaa-mf by Standard & Poor's and Moody's, respectively.

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

	Amount
Investment Type	
Debt Securities	
U.S. Treasuries	$ 88,126,249
Money Market Mutual Funds	8,639,836
Other Securities	
UNC Investment Fund	119,394,907
Global Endowment Fund II, LP	20,712,572
Investments in Real Estate	86,191,900
Total Investments	$ 323,065,464

Component Unit - Investments of the University's discretely presented component unit, the Foundation, 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. Because the Foundation reports under the FASB reporting model, disclosures of the various investment risks are not required. The following is an analysis of investments by type:

Investment Type	Carrying Value
Short-Term Investments	$ 336,254
Bonds	1,751,685
Mutual Funds	4,811,331
UNCCIF External Investment Pool	203,026,656
Total Investments	$ 209,925,926

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

	Proprietary Fund	Fiduciary Fund	Total
Cash on Hand	$ 15,120	$ -	$ 15,120
Amount of Deposits with Private Financial Institutions	805,574	11,928	817,502
Deposits in the Short-Term Investment Fund	440,645,949	312,877	440,958,826
External Investment Pool	117,828,596	22,278,883	140,107,479
Non-Pooled Investments	182,957,985	-	182,957,985
Total Deposits and Investments	$ 742,253,224	$ 22,603,688	$ 764,856,912
Deposits			
Current:			
Cash and Cash Equivalents	$ 373,386,382	$ -	$ 373,386,382
Restricted Cash and Cash Equivalents	23,824,980	324,805	24,149,785
Noncurrent:			
Restricted Cash and Cash Equivalents	44,255,281	-	44,255,281
Total Deposits	441,466,643	324,805	441,791,448
Investments			
Current:			
Short-Term Investments	88,238,207	-	88,238,207
Restricted Short-Term Investments	675,000	-	675,000
Noncurrent:			
Endowment Investments	204,020,496	-	204,020,496
Restricted Investments	7,852,878	-	7,852,878
Pooled Investment Funds	-	22,278,883	22,278,883
Total Investments	300,786,581	22,278,883	323,065,464
Total Deposits and Investments	$ 742,253,224	$ 22,603,688	$ 764,856,912

Note 3 - Fair Value Measurements

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

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

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

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

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

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

		Fair Value Measurements Using		
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments by Fair Value Level				
Debt Securities				
U.S. Treasuries	$ 88,126,249	$ 88,126,249	$ -	$ -
Other Securities				
Investments in Real Estate	86,191,900	-	86,191,900	-
Total Investments by Fair Value Level	174,318,149	$ 88,126,249	$ 86,191,900	$ -
Investments Measured at the Net Asset Value (NAV)				
Global Endowment Fund II, LP	20,712,572			
Investments as a Position in an External Investment Pool				
Short-Term Investment Fund	440,958,826			
UNC Investment Fund	119,394,907			
Total Investments as a Position in an External Investment Pool	560,353,733			
Total Investments Measured at Fair Value	$ 755,384,454			

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.

UNC Investment Fund - The fair value of the University's proprietary and fiduciary balance in the UNC Investment Fund is $119,394,907. An additional $164,351,296 is held by the discretely presented Foundation, for a total of $283,746,203 invested by the UNCCIF. Ownership interests of the UNC Investment Fund are determined on a market unit valuation basis each month and in accordance with the UNC Investment Fund's 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 UNC Investment Fund is not required to be categorized within the fair value hierarchy.

Debt Securities - The fair value of the University debt securities is $88,126,249. These debt securities are classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those securities.

Investments in Real Estate - The fair value of the University investments in real estate is $86,191,900. These investments are classified as Level 2 of the fair value hierarchy and are valued using market multiples that consider current appraisals.

Investments Measured at the NAV - The following table presents the valuation of investments measured at the Net Asset Value (NAV) per share (or its equivalent) at June 30, 2024:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Global Endowment Fund II, LP	$ 20,712,572	N/A	Quarterly	N/A

Global Endowment Fund II, LP - The net asset value (NAV) of the University's proprietary and fiduciary fund balance in the private equity limited partnership, Global Endowment Fund II, LP, is $20,712,572. An additional $28,370,796 is held by the discretely presented Foundation, for a total of $49,083,368 invested by the UNCCIF. The private investment partnership offers an endowment-style investment program to institutional investors, family offices, qualified individuals, and other sophisticated investors. The Partnership invests with a long-term horizon, seeking varied and non-traditional investment opportunities in an effort to provide a diversified, single-portfolio investment strategy for its investors. The Management Company's Valuation Committee is responsible for valuing the Fund's assets. The Committee will ensure that positions are valued in accordance with the requirements of the governing documents of the managed funds and applicable accounting standards. The funds are valued based on the investments' NAV or its equivalent in accordance with FASB Accounting Standards Update (ASU) 2009-12, *Investments in Certain Entities that Calculate Net Asset Value per Share (or its equivalent)*. This ASU amends FASB ASC 820 *Fair Value Measurements*, to offer investors a practical expedient for measuring the fair value of investments that do not have a readily determinable fair value and that calculate a NAV to be valued based on the NAV per share or its equivalent of the underlying investment when it is probable that the investment will not be sold in the short-term.

Component Unit - The Foundation's investments are reported using FASB ASC 820, *Fair Value Measurement*, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 Financial instruments with unadjusted, quoted prices listed on active market exchanges.

Level 2 Financial instruments determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 Financial instruments that are not actively traded on an active exchange. This category includes situations where there is little, if any, market activity for the financial instrument. The prices are determined using significant unobservable inputs or valuation techniques.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. In determining fair value, the Foundation uses valuation approaches within the FASB ASC 820 fair value measurement framework. The following is a description of the valuation methodologies used for instruments measured at fair value and their classification within the hierarchy.

Short-term investments: Short-term investments are traded in active markets and are classified within Level 1 of the hierarchy.

Bonds, mutual funds, equity securities and other investments (including assets held under split-interest agreements): Bonds, mutual funds, equity securities and other investments are traded in active markets and are classified within Level 1 of the hierarchy.

The following table summarizes financial assets measured at fair value on a recurring basis by classification within the fair value hierarchy as of June 30, 2024:

	Assets at Fair Value As of June 30, 2024	
	Level 1	Total
Short-Term Investments	$ 336,254	$ 336,254
Bonds	1,751,685	1,751,685
Mutual Funds	4,811,331	4,811,331
	$ 6,899,270	6,899,270
Pooled Investments (a)		203,026,656
		$ 209,925,926

(a) In accordance with FASB ASU 2015-07 certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

The following table presents the valuation of the Foundation's investments, which are reported at Net Asset Value (NAV) or its equivalent, and unfunded commitments at June 30, 2024.

Investment	Net Asset Value 2024	Redemption Frequency	Redemption Notice	Unfunded Commitments
UNCCIF External Investment Pool	$ 203,026,656	Quarterly	30 - 90 days	None

The UNCCIF seeks to provide equity-like returns while mitigating risk through diversification and long-term asset allocation and to preserve the real purchasing power of the fund, while providing a predictable and growing stream of spending distributions to Fund participants.

The UNCCIF investment in another external investment pool is subject to an operating agreement. Ownership in the external investment pool is based on the per unit market value method, whereby the total market value of the underlying assets is divided by the number of units to determine the market value per unit. The number of units times the rate per unit determines the ownership. Routine withdrawals of up to $25 million during any given fiscal quarter may be made with at least 30 days' notice, and capital withdrawals of up to $75 million during any fiscal quarter (inclusive of any routine withdrawals) may be made with at least 90 days' notice.

The UNCCIF invests in the limited partnership that is subject to the terms and conditions of the limited partnership agreement. During 2022, the UNCCIF Board initiated a transition plan to withdraw its assets from the limited partnership. The liquid portion of UNCCIF's assets under management was returned to UNCCIF in January 2022. The remaining assets managed by the limited partnership are held in a side pocket account that will be distributed to UNCCIF as the underlying investments are realized throughout the transition period.

Note 4 - Endowment Investments

Investments of the University's endowment funds are real property held for investment of $86,191,900 and pooled funds (cash and investments) invested with UNCCIF of $141,460,610 which includes $22,591,760 of fiduciary funds related to the Athletic Foundation. Non-real property 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 endowment funds are based on an adopted spending policy, which limits spending to the prior year's spending adjusted to inflation, weighted at 80%, plus 4.5% of the average of the prior three years' market values as of December 31 each year, weighted at 20%. If current earnings do not meet the payout requirements, the University uses accumulated income and appreciation from restricted, expendable net position endowment balances to make up the difference. At June 30, 2024, accumulated income and net appreciation of $65,436,024 was available to be spent, of which $45,961,762 was classified as restricted expendable net position, as it is restricted for specific purposes. The remaining $19,474,262 of net appreciation available to be spent is classified as unrestricted net position.

Note 5 - Receivables

Receivables for the proprietary fund at June 30, 2024, were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	$ 6,352,494	$ 1,339,011	$ 5,013,483
Accounts	2,454,416	-	2,454,416
Intergovernmental	13,392,027	-	13,392,027
Interest on Loans	47,915	-	47,915
Federal Interest Subsidy on Debt	196,794	-	196,794
Other	161,732	-	161,732
Total Current Receivables	$ 22,605,378	$ 1,339,011	$ 21,266,367
Notes Receivable:			
Notes Receivable - Current:			
Federal Loan Programs	$ 199,789	$ 29,050	$ 170,739
Institutional Student Loan Programs	50,210	26,662	23,548
Total Notes Receivable - Current	$ 249,999	$ 55,712	$ 194,287
Notes Receivable - Noncurrent:			
Federal Loan Programs	$ 984,294	$ 143,118	$ 841,176
Institutional Student Loan Programs	716,331	399,302	317,029
Total Notes Receivable - Noncurrent	$ 1,700,625	$ 542,420	$ 1,158,205

Note 6 - Capital Assets

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

	Balance July 1, 2023 (as Restated)	Increases	Decreases	Balance June 30, 2024
Capital Assets, Nondepreciable:				
Land and Land Improvements	$ 14,390,891	$ 2,669	$ -	$ 14,393,560
Art, Literature, and Artifacts	38,354,167	527,480	-	38,881,647
Construction in Progress	77,584,565	17,693,457	81,814,307	13,463,715
Total Capital Assets, Nondepreciable	130,329,623	18,223,606	81,814,307	66,738,922
Capital Assets, Depreciable:				
Buildings	1,404,180,785	80,513,140	1,762,941	1,482,930,984
Machinery and Equipment	171,904,323	26,096,324	15,605,899	182,394,748
General Infrastructure	275,763,864	10,137,244	489,382	285,411,726
Computer Software	14,088,449	174,000	1,399,897	12,862,552
Right-to-Use Leased Buildings	6,142,878	398,411	-	6,541,289
Right-to-Use Leased Machinery and Equipment	1,784,891	-	-	1,784,891
Right-to-Use Subscription Assets	15,219,918	12,917,643	2,945,888	25,191,673
Total Capital Assets, Depreciable	1,889,085,108	130,236,762	22,204,007	1,997,117,863
Less Accumulated Depreciation/Amortization for:				
Buildings	307,719,896	24,407,789	1,745,312	330,382,373
Machinery and Equipment	87,157,102	11,669,023	12,612,398	86,213,727
General Infrastructure	73,668,811	5,008,798	479,594	78,198,015
Computer Software	6,251,770	612,203	1,247,961	5,616,012
Right-to-Use Leased Buildings	1,249,916	740,441	-	1,990,357
Right-to-Use Leased Machinery and Equipment	874,232	437,116	-	1,311,348
Right-to-Use Subscription Assets	4,175,661	5,962,949	2,626,942	7,511,668
Total Accumulated Depreciation/Amortization	481,097,388	48,838,319	18,712,207	511,223,500
Total Capital Assets, Depreciable, Net	1,407,987,720	81,398,443	3,491,800	1,485,894,363
Capital Assets, Net	$ 1,538,317,343	$ 99,622,049	$ 85,306,107	$ 1,552,633,285

The July 1, 2023 balance of depreciable capital assets for machinery and equipment was restated to account for grouped assets under GASB Implementation Guide 2021-1 Question 5.1 Asset Capitalization policy for individual assets below capitalization threshold but significant in the aggregate. Total net position was restated for the net amount of these assets, as detailed in Note 20.

As of June 30, 2024, the total amount of right-to-use leased and subscription assets was $8,326,180 and $25,191,673, and the related accumulated amortization was $3,301,705 and $7,511,668, respectively.

Note 7 - Accounts Payable and Accrued Liabilities

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

	Proprietary Fund	Fiduciary Fund
Current Accounts Payable and Accrued Liabilities		
Accounts Payable	$ 6,409,376	$ 11,928
Accounts Payable - Capital Assets	3,019,453	-
Accrued Payroll	697,339	-
Contract Retainage	77,957	-
Other	278,499	-
Total Current Accounts Payable and Accrued Liabilities	$ 10,482,624	$ 11,928
Noncurrent Accounts Payable and Accrued Liabilities		
Contract Retainage	$ 71,555	$ -

Note 8 - Long-Term Liabilities

University

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

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion
Long-Term Debt					
Revenue Bonds Payable	$ 509,745,000	$ -	$ 22,030,000	$ 487,715,000	$ 21,870,000
Plus: Unamortized Premium	29,988,972	-	1,805,723	28,183,249	-
Less: Unamortized Discount	8,706	-	8,706	-	-
Total Revenue Bonds Payable, Net	539,725,266	-	23,827,017	515,898,249	21,870,000
Notes from Direct Borrowings	3,821,965	-	715,767	3,106,198	729,392
Total Long-Term Debt	543,547,231	-	24,542,784	519,004,447	22,599,392
Other Long-Term Liabilities					
Lease Liabilities	5,944,061	398,410	1,098,047	5,244,424	1,107,332
Subscription (SBITA) Liabilities	6,290,463	11,287,705	5,242,220	12,335,948	2,819,581
Employee Benefits					
Compensated Absences	21,600,693	21,455,798	20,103,731	22,952,760	3,592,107
Net Pension Liability	104,055,962	19,545,118	-	123,601,080	-
Net Other Postemployment Benefits Liability	357,502,309	43,626,500	-	401,128,809	-
Workers' Compensation	2,617,412	240,468	968,391	1,889,489	716,893
Total Other Long-Term Liabilities	498,010,900	96,553,999	27,412,389	567,152,510	8,235,913
Total Long-Term Liabilities, Net	$ 1,041,558,131	$ 96,553,999	$ 51,955,173	$ 1,086,156,957	$ 30,835,305
Other Long-Term Liabilities **Due to University Component Unit**	$ 70,204,731	$ -	$ 675,000	$ 69,529,731	$ 675,000

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 - The University was indebted for revenue bonds payable for the purposes shown in the following table:

Purpose	Series	Interest Rate/ Ranges	Final Maturity Date	Original Amount of Issue	Principal Outstanding June 30, 2024
Revenue Bonds Payable					
Football Stadium BABs	2010	5.83%-6.52% *	04/01/2040	$ 40,895,000	$ 27,430,000
Residence Hall Phase 14	2015	5.00%	04/01/2025	39,045,000	1,010,000
Campus Infrastructure Phase 2	2015	5.00%	04/01/2025	32,075,000	800,000
Refi-2006 Parking Bonds	2015	5.00%	04/01/2025	7,970,000	380,000
Refi-2007-B Student Union Bonds	2015	5.00%	04/01/2025	37,060,000	1,995,000
Health & Wellness Center	2017	4.00%-5.00%	10/01/2047	43,990,000	39,445,000
Scott Hall Renovation	2017	4.00%-5.00%	10/01/2047	15,585,000	14,185,000
Elm, Maple, Pine Renovation	2017	4.00%-5.00%	10/01/2047	16,805,000	15,070,000
2017 Refi Multiple Projects (Tax-Exempt)	2017-A	4.00%-5.00%	10/01/2040	77,865,000	69,420,000
2017 Refi Multiple Projects (Taxable)	2017-B	2.93%-3.63%	10/01/2040	26,140,000	11,245,000
Phase 16 & 2020 Refi Multiple Projects (Tax-Exempt)	2020-A	3.00%-5.00%	10/01/2049	71,425,000	61,585,000
2020 Refi Multiple Projects (Taxable)	2020-B	2.10%-3.40%	04/01/2041	23,275,000	20,005,000
2021 Refi 2013B	2021	1.03%-3.18%	04/01/2043	28,945,000	27,295,000
2021 Refi 2014 Bonds	2021	1.03%-3.18%	04/01/2044	54,405,000	52,550,000
2021 Refi 2015 LOBs	2021	1.03%-3.18%	04/01/2035	11,900,000	9,540,000
2021 B Refi 2013A & 2015	2021-B	1.25%-2.80%	04/01/2045	141,210,000	135,760,000
Total Revenue Bonds Payable (principal only)				$ 668,590,000	487,715,000
Plus: Unamortized Premium					28,183,249
Total Revenue Bonds Payable, Net					$ 515,898,249

* The University has elected to treat these bonds as federally taxable "Build America Bonds" for the purposes of the American Recovery and Reinvestment Act and to receive a cash subsidy from the U.S. Treasury equal to 33% of the interest payable on these bonds. For these bonds, the interest rate included is the taxable rate, which does not factor in the cash subsidy from the U.S. Treasury.

C. Notes from Direct Borrowings - The University was indebted for notes from direct borrowings for the purposes shown in the following table:

Purpose	Financial Institution	Interest Rate	Final Maturity Date	Original Amount of Issue	Principal Outstanding June 30, 2024
UNC Charlotte Energy Savings Project	Huntington National Bank Equipment Finance	4.41%	01/23/2029	$ 8,443,099	$ 2,988,087
Motorola Dispatch Consoles	Motorola Solutions Credit Company LLC	3.49%	08/01/2024	585,000	118,111
Total Notes from Direct Borrowings				$ 9,028,099	$ 3,106,198

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

	Annual Requirements					
	Revenue Bonds Payable		Notes from Direct Borrowings		Due to University Component Unit	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 21,870,000	$ 17,234,495	$ 729,392	$ 125,527	$ 675,000	$ 2,568,550
2026	21,135,000	16,497,724	620,719	94,580	675,000	2,568,550
2027	21,885,000	15,893,845	630,229	67,051	675,000	2,568,550
2028	21,995,000	15,228,853	639,810	39,101	1,500,000	2,547,925
2029	22,360,000	14,512,730	486,048	10,728	1,630,000	2,503,425
2030-2034	123,685,000	60,237,937	-	-	9,905,000	11,681,975
2035-2039	133,660,000	36,755,598	-	-	11,348,731	10,332,669
2040-2044	90,095,000	14,713,055	-	-	9,870,000	11,767,600
2045-2049	29,260,000	3,077,523	-	-	12,010,000	9,587,000
2050-2054	1,770,000	35,400	-	-	14,615,000	6,932,100
2055-2057	-	-	-	-	6,626,000	2,579,600
Total Requirements	$ 487,715,000	$ 194,187,160	$ 3,106,198	$ 336,987	$ 69,529,731	$ 65,637,944

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 $487,715,000 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, (2) fails to pay the purchase price of any bonds when due and payable, or (3) 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 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 either declare the unpaid principal amount plus any accrued and unpaid interest be due and payable immediately, or enforce all rights of the owners, and require the Board of Governors to carry out agreements with or for the benefit of the owners and to perform its duties under the general indenture. The trustee may also take whatever action at law or in equity may appear necessary or desirable to enforce its rights against the Board of Governors.

In addition to the above, the University's outstanding revenue bonds of $135,760,000 for 2021B was insured by Assured Guaranty Municipal Corp. In the event of a default, the 2021B Bond Insurer shall be entitled to pay principal or interest on the 2021B Insured Bonds that shall become due for payment but shall be unpaid by reason of nonpayment by the Board (as such terms are defined in the 2021B Insurance Policy) and any amounts due on the 2021B Insured Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the 2021B Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the 2021B Insurance Policy) or a claim upon the 2021B Insurance Policy.

Notes from Direct Borrowings - The University has pledged the energy savings improvements installed in its buildings and other structures as collateral for the Energy Services Agreement dated May 23, 2013. This agreement also contains provisions related to events of default and remedies. Significant to these provisions, an event of default occurs when: (1) the University fails to perform or meet any of its duties or obligations and cure such failure within thirty business days after written notice is delivered by the energy savings company (ESCO) or financing assignee, (2) the University fails to pay when due any amount to be paid under the agreement, or (3) any statement, representation, or warranty is made by the University in writing and in connection with this agreement that is knowingly false, misleading, or erroneous in any material respect as of the time when made.

Upon the occurrence of any event of default, the ESCO may, without waiver of other remedies that exist at law or in equity, 1) exercise all remedies available at law or in equity, or other appropriate proceedings, including bringing an action or actions from time to time for recovery of amounts due and unpaid by the University, and/or for damages which shall include all costs and expenses reasonably incurred, including reasonable attorney fees, and/or 2) terminate the agreement.

The University also has a financed purchase agreement (Motorola) which contains provisions related to events of default and remedies. Significant to these provisions, an event of default occurs when the University: (1) fails to make any payment as it becomes due in accordance with the terms of the agreement, (2) fails to perform or observe any other covenant condition or agreement to be performed or observed by it hereunder and such failure is not cured within twenty days after written notice thereof by the vendor, (3) discovery by the vendor that written statements or representations made by the University were false, misleading or erroneous in any material respect, (4) proceedings under any bankruptcy, insolvency, reorganization, or similar legislation is instituted against or by the University, or (5) an attachment, levy, or execution is threatened or levied upon or against the equipment.

Upon the occurrence of any event of default, the vendor may, at its option exercise any one of the following remedies: (1) by written notice to the University, request, at the University's expense, the University promptly discontinue use of the equipment, remove the equipment from the University's computers and electronic devices, return the equipment to the vendor, or vendor, at its option may enter upon the premises where the equipment is located and take immediate possession of and remove the same, (2) promptly return the equipment to the vendor in manner set forth in the agreement, (3) exercise any right, remedy, or privilege which may be available to it, or (4) if awarded by a court of competent jurisdiction, University will remain liable for all covenants and indemnities under the agreement and for all legal fees and other costs and expenses, including court costs, incurred by the vendor with respect to the enforcement of any remedies listed above.

F. Prior Year Defeasances - During prior years, the University defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the University's financial statements. At June 30, 2024, the outstanding balance of prior year defeased bonds was $103,235,000.

For certain prior year defeasances, the substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited. At June 30, 2024, the outstanding balance of prior year defeased bonds for which substitution is not prohibited was $103,235,000.

G. Due to University Component Unit - The Foundation constructed a 226-room Hotel and Conference Center (Hotel) and transferred the hotel and land to the University Endowment during fiscal year 2021. The University's Endowment has entered into an Assignment Agreement (Agreement) with the Foundation to make funds generated from the operation of the Hotel available to the Foundation. The funds are to be used for payment of debt service under the Foundation's bond financing, as well as the Foundation's subordinate obligations related to the Hotel. The annual requirements to the Foundation are equal to that of the Foundation's annual debt service and subordinate obligations related to the Hotel as defined in the Agreement. The University's Endowment recorded a total liability of $70,879,731 for its obligation according to the terms of the Agreement with the Foundation. In the event of any default of any term or condition of the Agreement by that is not cured in accordance with the Agreement, the other party may exercise any rights and remedies available at law and in equity, including termination of the Agreement. No credit is pledged of the University Endowment, the University, or the State of North Carolina with respect to any amounts to be paid to the Foundation under the terms of the Agreement. As of June 30, 2024, $69,529,731 was due to the Foundation related to this Agreement, of which $675,000 is current and $68,854,731 is noncurrent.

Component Unit - The Foundation has a line of credit agreement allowing it to borrow up to $5,000,000. The line of credit carries a variable rate of interest equal to the Daily Simple Secured Overnight Financing Rate (SOFR) plus 1.15% (6.55% as of June 30, 2024). There were no borrowings outstanding on the line of credit as of June 30, 2024. The loan agreement contains a liquidity covenant and also requires that the Foundation maintain a minimum average deposit account balance of $400,000 with the lender. The line of credit expires on September 5, 2025. There was no interest expense during 2024.

During the fiscal year ended June 30, 2022, the Foundation issued $59.0 million in tax-exempt Facilities Revenue Bonds, Series 2021A, and $4.2 million in taxable Facilities Revenue Bonds, Series 2021B to provide permanent financing for the University's Hotel and Conference Center (Hotel). Interest on the bonds is payable semiannually on each March 1 and September 1, commencing March 1, 2022. The bonds consist of term bonds that will mature from 2027 to 2056, with interest rates ranging from 4% to 5%. The outstanding bonds are secured by available revenues from the Hotel and required reserve accounts held with a trustee subject to a Cash Management Agreement and Trust Agreement. In fiscal year 2024, interest incurred on all debt totaled $2,523,840 and includes amortization of premium on the tax-exempt bonds and finance costs incurred related to the issuance of the bonds.

Note 9 - Leases and Subscription-Based Information Technology Arrangements

A. Lessor Arrangements - The University leases land and equipment to external parties. The leases expire at various dates, and some have renewal options. Lease receivables and related deferred inflows of resources are recorded based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate stated per the lease contract, or the University's estimated incremental borrowing rate if there is no stated contractual interest rate.

During the year the University did not recognize any variable payment amounts.

During the year ended June 30, 2024, the University recognized operating revenues related to lessor arrangements totaling $194,965, and nonoperating lease interest income totaling $29,717.

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

Classification:	Number of Lease Contracts	Lease Receivable June 30, 2024	Current Portion	Lease Terms	Interest Rate/ Ranges
Lessor:					
Land	4	$ 538,083	$ 116,777	07/01/2021 - 05/14/2035	2.64% - 2.71%
Machinery and Equipment	3	781,536	188,059	07/01/2021 - 05/14/2035	2.71%
Total	7	$ 1,319,619	$ 304,836		

B. Lessee Arrangements - The University has lease agreements for the right to use building space and equipment from external parties. The leases expire at various dates, and some have renewal options. Lease liabilities and right-to-use leased assets are recorded at the present value of payments expected to be made during the lease term, plus any upfront payments and ancillary charges paid to place the underlying right-to-use asset into service. The expected payments are discounted using the interest rate stated per the lease contract, or the University's estimated incremental borrowing rate if there is no stated contractual interest rate.

During the year the University did not recognize any variable payment amounts.

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

Classification:	Number of Lease Contracts	Lease Liabilities June 30, 2024	Current Portion	Lease Terms	Interest Rate/ Ranges
Lessee:					
Right-to-Use Leased Buildings	6	$ 4,751,492	$ 652,833	07/01/2021 - 06/30/2032	2.40% - 2.84%
Right-to-Use Leased Machinery and Equipment	1	492,932	454,499	07/01/2021 - 07/31/2025	2.71%
Total	7	$ 5,244,424	$ 1,107,332		

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:

Commitments:	Number of SBITA Contracts	SBITA Commitments June 30, 2024	SBITA Terms	Interest Rate Ranges
Subscription-Based Information Technology Arrangements (SBITAs)	4	$ 3,337,924	07/01/2024 - 06/30/2029	3.05% - 3.11%

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

SBITA	Number of SBITAs	Subscription (SBITA) Liabilities June 30, 2024	Current Portion	SBITA Terms	Interest Rate Ranges
Right-to-Use Subscription Assets	37	$ 12,335,948	$ 2,819,581	07/01/2022 - 03/08/2032	2.18% - 3.65%

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

	Annual Requirements			
	Lease Liabilities		Subscription (SBITA) Liabilities	
Fiscal Year	Principal	Interest	Principal	Interest
2025	$ 1,107,332	$ 128,917	$ 2,819,581	$ 323,512
2026	748,544	102,539	2,799,122	257,337
2027	749,794	82,676	2,258,778	182,407
2028	790,972	61,800	1,751,800	121,861
2029	833,647	39,788	1,269,009	73,298
2030-2032	1,014,135	23,422	1,437,658	55,350
Total Requirements	$ 5,244,424	$ 439,142	$ 12,335,948	$ 1,013,765

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	$ (48,545,120)
Net OPEB Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(437,450,159)
Effect on Unrestricted Net Position	(485,995,279)
Total Unrestricted Net Position Before Recognition of Deferred Outflows of Resources, Deferred Inflows of Resources, and Related Long-Term Liabilities	478,334,437
Total Unrestricted Net Position	$ (7,660,842)

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	$ 315,895,455	$ 64,233,448	$ 1,041,306	$ 250,620,701
Sales and Services:				
Sales and Services of Auxiliary Enterprises:				
Residential Life	$ 58,188,240	$ 12,201,219	$ 107,338	$ 45,879,683
Dining	38,167,298	6,155,480	68,016	31,943,802
Student Union Services	3,385,349	-	-	3,385,349
Health Services	1,991,025	-	1,177	1,989,848
Parking	10,742,102	-	12,893	10,729,209
Athletics	10,762,972	-	-	10,762,972
Facilities	923,059	-	-	923,059
Other	3,289,742	-	-	3,289,742
Sales and Services of Education and Related Activities	1,678,675	-	-	1,678,675
Total Sales and Services, Net	$ 129,128,462	$ 18,356,699	$ 189,424	$ 110,582,339

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	$ 254,688,082	$ 30,105,326	$ -	$ -	$ -	$ 284,793,408
Research	20,754,334	10,725,156	-	-	-	31,479,490
Public Service	2,379,459	1,181,561	-	15,209	-	3,576,229
Academic Support	58,825,024	28,091,725	-	93,415	-	87,010,164
Student Services	20,682,872	7,138,213	-	4,372	-	27,825,457
Institutional Support	37,639,962	12,809,889	-	5,607	-	50,455,458
Operations and Maintenance of Plant	33,163,206	22,170,667	-	8,926,139	-	64,260,012
Student Financial Aid	-	-	45,047,395	-	-	45,047,395
Auxiliary Enterprises	58,018,299	92,060,649	-	5,812,156	-	155,891,104
Depreciation/Amortization	-	-	-	-	48,838,319	48,838,319
Total Operating Expenses	$ 486,151,238	$ 204,283,186	$ 45,047,395	$ 14,856,898	$ 48,838,319	$ 799,177,036

Note 13 - Pension Plans

A. Defined Benefit Plan

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

Benefits Provided: TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with unreduced retirement benefits at age 65 with five years of membership service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with reduced retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of membership service. Survivor benefits are available to eligible beneficiaries of general members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members. The plan does not provide for automatic post-retirement benefit increases.

Contributions: Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute 6% of their annual pay. The contribution rate for employers is set each year by the North Carolina General Assembly in the Appropriations Act and may not be less than the contribution rate required of plan members. The TSERS Board of Trustees establishes a funding policy from which an accrued liability rate and a normal contribution rate are developed by the consulting actuary. The sum of those two rates developed under the funding policy is the actuarially determined contribution rate (ADC). The TSERS Board of Trustees may further adopt a contribution rate policy that is higher than the ADC known as the required employer contribution to be recommended to the North Carolina General Assembly. The University's contractually-required contribution rate for the year ended June 30, 2024 was 17.64% of covered payroll. Plan members' contributions to the pension plan were $8,612,259, and the University's contributions were $25,320,041 for the year ended June 30, 2024.

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

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

Methods Used to Value TSERS Investment: Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the retirement systems. The State Treasurer maintains various investment portfolios in its External Investment Pool. TSERS and other pension plans of the State of North Carolina participate in the Long-Term Investment, Fixed Income Investment, Equity Investment, Real Estate Investment, Alternative Investment, Opportunistic Fixed Income Investment, and Inflation Sensitive Investment portfolios. The Fixed Income Asset Class includes the Long-Term Investment and Fixed Income Investment portfolios. The Global Equity Asset Class includes the Equity Investment portfolio. The investment balance of each pension trust fund represents its share of the fair value of the net position of the various portfolios within the External Investment Pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2023 *Annual Comprehensive Financial Report*.

Net Pension Liability: At June 30, 2024, the University reported a liability of $123,601,080 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total pension liability to June 30, 2023. The University's proportion of the net pension liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2023, the University's proportion was 0.74137%, which was an increase of 0.04029 from its proportion measured as of June 30, 2022, which was 0.70108%.

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

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

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

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

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

Future ad hoc cost-of-living adjustment amounts are not considered to be substantively automatic and are therefore not included in the measurement. The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (the measurement date) are summarized in the following table:

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

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

Discount Rate: The discount rate used to measure the total pension liability was 6.5% for the December 31, 2022 valuation. The discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the plan at June 30, 2023 calculated using the discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

Net Pension Liability		
1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
$ 212,194,091	$ 123,601,080	$ 50,514,720

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended June 30, 2024, the University recognized pension expense of $32,621,790. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to TSERS from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Actual and Expected Experience	$ 10,076,412	$ 912,263
Changes of Assumptions	4,340,707	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	34,422,892	-
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	3,588,589	1,780,418
Contributions Subsequent to the Measurement Date	25,320,041	-
Total	$ 77,748,641	$ 2,692,681

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

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

Year Ending June 30:	Amount
2025	$ 16,040,862
2026	8,908,911
2027	23,315,703
2028	1,470,443
Total	$ 49,735,919

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

Benefits are provided by means of contracts issued and administered by the privately-operated Teachers' Insurance and Annuity Association and Fidelity Investments. Participants' eligibility and contributory requirements are established in General Statute 135-5.1 and may be amended only by the North Carolina General Assembly. Participants are always fully vested in their own contributions to the plan and their investment earnings. Participants are fully vested in the University's contributions and earnings after five years of participating in the ORP.

Participants contribute 6% of compensation and the University contributes 6.84%. For the year ended June 30, 2024, the University had a total payroll of $381,860,500, of which $178,163,161 was covered under ORP. Total employee and employer contributions for pension benefits for the year were $10,689,790 and $12,186,360, respectively. The amount of pension expense recognized in the current year related to ORP is equal to the employer contributions. The amount of forfeitures reflected in employee benefits expense recognized during the reporting period was $1,495,219.

Note 14 - Other Postemployment Benefits

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

A. Summary of Significant Accounting Policies and Plan Asset Matters

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

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

B. Plan Descriptions

1. Health Benefits

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

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

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

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

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina and retirees of TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after

October 1, 2006, and members of the North Carolina General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the North Carolina General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the North Carolina General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the Plan's total noncontributory premium. Employees first hired on or after October 1, 2006 and members of the North Carolina General Assembly first taking office on or after February 1, 2007 with five but less than 10 years of retirement service credit are eligible for coverage on a fully contributory basis.

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

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

Contributions: Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the North Carolina General Assembly in the Appropriations Act. The University's contractually-required contribution rate for the year ended June 30, 2024 was 7.14% of covered payroll. The University's contributions to the RHBF were $22,969,438 for the year ended June 30, 2024.

In fiscal year 2022, the Plan transferred $180.51 million to RHBF as a result of cost savings to the Plan over a span of six years. For financial reporting purposes, the transfer was recognized as a nonemployer contributing entity contribution. The contribution was allocated among the RHBF employers and recorded as noncapital contributions. For the fiscal year ended June 30, 2024, the University recognized noncapital contributions for RHBF of $526,419.

2. Disability Income

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

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

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

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

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

Contributions: Although DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Act by the North Carolina General Assembly and coincide with the State's fiscal year. The University's contractually-required contribution rate for the year ended June 30, 2024 was 0.11% of covered payroll. The University's contributions to DIPNC were $353,871 for the year ended June 30, 2024.

C. Net OPEB Liability

Retiree Health Benefit Fund: At June 30, 2024, the University reported a liability of $400,714,688 for its proportionate share of the collective net OPEB liability for RHBF. The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total OPEB liability to June 30, 2023. The University's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2023, the University's proportion was 1.50377%, which was an increase of 0.00016 from its proportion measured as of June 30, 2022, which was 1.50361%.

Disability Income Plan of North Carolina: At June 30, 2024, the University reported a liability of $414,121 for its proportionate share of the collective net OPEB liability for DIPNC. The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total OPEB liability to June 30, 2023. The University's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2023, the University's proportion was 1.55708%, which was an increase of 0.07076 from its proportion measured as of June 30, 2022, which was 1.48632%.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the University's proportionate share of the net OPEB liability of the plans, as well as what the plans' net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Net OPEB Liability

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
RHBF	$ 472,720,776	$ 400,714,688	$ 342,072,893
	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
DIPNC	$ 497,830	$ 414,121	$ 328,886

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

Net OPEB Liability

	1% Decrease (Medical - 4% - 5.5%, Pharmacy - 4% - 9%, Pharmacy Rebate - 4% - 6%, Med. Advantage - 0% - 4%, Administrative - 2%)	Current Healthcare Cost Trend Rates (Medical - 5% - 6.5%, Pharmacy - 5% - 10%, Pharmacy Rebate - 5% - 7%, Med. Advantage - 0% - 5%, Administrative - 3%)	1% Increase (Medical - 6% - 7.5%, Pharmacy - 6% - 11%, Pharmacy Rebate - 6% - 8%, Med. Advantage - 0% - 6%, Administrative - 4%)
RHBF	$ 330,826,979	$ 400,714,688	$ 490,836,423

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

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

OPEB Plan	Amount
RHBF	$ 1,628,572
DIPNC	560,733
Total OPEB Expense	$ 2,189,305

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

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

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	$ 4,412,653	$ 362,924	$ 4,775,577
Changes of Assumptions	43,409,599	30,176	43,439,775
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	3,201,115	540,898	3,742,013
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	7,057,879	48,065	7,105,944
Contributions Subsequent to the Measurement Date	22,969,438	353,871	23,323,309
Total	$ 81,050,684	$ 1,335,934	$ 82,386,618

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

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	$ 392,620	$ 229,373	$ 621,993
Changes of Assumptions	106,907,445	70,691	106,978,136
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	11,034,429	73,410	11,107,839
Total	$ 118,334,494	$ 373,474	$ 118,707,968

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

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

Year Ending June 30:	RHBF	DIPNC
2025	$ (20,224,180)	$ 186,471
2026	(30,120,690)	111,609
2027	(16,692,834)	183,566
2028	6,784,456	62,951
2029	-	35,188
Thereafter	-	28,804
Total	$ (60,253,248)	$ 608,589

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

The University is required to maintain all risk coverage on all state-owned buildings and contents through the State Property Fire Insurance Fund (Fund), an internal service fund of the State. Fire and lightning coverage is provided at no cost to the University for operations supported by the State's General Fund. Other operations not supported by the State's General Fund are charged for the fire and lightning coverage. Coverage for all remaining risks for all buildings is charged to the University. Losses covered by the Fund are subject to a $50,000 per occurrence deductible.

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

2. **Public Officers' and Employees' Liability Insurance**

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

3. **Employee Dishonesty and Computer Fraud**

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

4. **Statewide Workers' Compensation Program**

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

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

5. **Other Insurance Held by the University**

   The University purchased other authorized coverage from private insurance companies through the North Carolina Department of Insurance, the State's agent of record. Such insurance policies include: boiler and machinery, fine art, accident, crime, cyber insurance for first-party cyber claims and Payment Card Industry (PCI) fines, professional liability insurance for healthcare professionals, and other forms of liability insurance as needed to mitigate University risks.

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 $33,490,825 at June 30, 2024.

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

Note 17 - Related Party

The Athletic Foundation of the University of North Carolina at Charlotte, Inc., (Athletic Foundation) is a separately incorporated nonprofit foundation associated with the University.

The Athletic Foundation serves as the primary fundraising arm of the University's Athletic Department through which individuals, corporations, and other organizations support the University's student athletic programs through donor contributions. Donations are used to provide the University with funds to distribute as athletic scholarships and to provide other support to the athletic programs. The University's financial statements do not include the assets, liabilities, net assets, or operational transactions of the Athletic Foundation, except for amounts reported within the fiduciary statements and support from the organization to the University. This support approximated $4,354,772 for the year ended June 30, 2024. The University contributed services valued at $1,124,654 for Athletic Foundation financial and administrative support for the year ended June 30, 2024.

Note 18 - Blended Component Unit

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

Condensed Statement of Net Position
Proprietary Fund
June 30, 2024

	University	UNCCIF*	Eliminations	Total
ASSETS				
Current Assets	$ 522,848,914	$ 11,838,690	$ (11,838,690)	$ 522,848,914
Capital Assets, Net	1,552,633,285	-	-	1,552,633,285
Other Noncurrent Assets	258,301,643	332,829,571	(332,829,571)	258,301,643
Total Assets	2,333,783,842	344,668,261	(344,668,261)	2,333,783,842
TOTAL DEFERRED OUTFLOWS OF RESOURCES	172,762,580	-	-	172,762,580
LIABILITIES				
Current Liabilities	59,436,124	180,995	(180,995)	59,436,124
Long-Term Liabilities, Net	1,124,176,383	-	-	1,124,176,383
Other Noncurrent Liabilities	11,215,451	-	-	11,215,451
Total Liabilities	1,194,827,958	180,995	(180,995)	1,194,827,958
TOTAL DEFERRED INFLOWS OF RESOURCES	122,603,784	-	-	122,603,784
NET POSITION				
Net Investment in Capital Assets	1,028,222,091	-	-	1,028,222,091
Restricted - Nonexpendable	53,981,769	344,487,266	(344,487,266)	53,981,769
Restricted - Expendable	114,571,662	-	-	114,571,662
Unrestricted	(7,660,842)	-	-	(7,660,842)
Total Net Position	$ 1,189,114,680	$ 344,487,266	$ (344,487,266)	$ 1,189,114,680

*UNCCIF amounts include the portion that is attributable to The Foundation of the University of North Carolina at Charlotte, Inc., which is discretely presented in Exhibit C-1 of the financial statements. UNCCIF amounts also include the Fiduciary Fund attributable to the Athletic Foundation of the University of North Carolina at Charlotte, Inc. presented in Exhibit B-1 of the financial statements. The discretely presented and the fiduciary portions are removed via eliminations.

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

	University	UNCCIF*	Eliminations	Total
OPERATING REVENUES				
Student Tuition and Fees, Net	$ 250,620,701	$ -	$ -	$ 250,620,701
Grants & Contracts	59,399,212	-	-	59,399,212
Sales and Services, Net	110,582,339	-	-	110,582,339
Other Operating Revenues	6,806,878	-	-	6,806,878
Total Operating Revenues	427,409,130	-	-	427,409,130
OPERATING EXPENSES				
Operating Expenses	750,338,717	-	-	750,338,717
Depreciation/Amortization	48,838,319	-	-	48,838,319
Total Operating Expenses	799,177,036	-	-	799,177,036
Operating Loss	(371,767,906)	-	-	(371,767,906)
NONOPERATING REVENUES (EXPENSES)				
State Appropriations	325,369,553	-	-	325,369,553
Contributions and Aid	94,450,222	-	-	94,450,222
Investment Income (Net of Investment Expense)	27,305,976	28,364,418	(28,364,418)	27,305,976
Interest and Fees on Debt	(17,446,214)	-	-	(17,446,214)
Allocation to Owners	-	(28,364,418)	28,364,418	-
Other	(2,412,698)	-	-	(2,412,698)
Net Nonoperating Revenues	427,266,839	-	-	427,266,839
Capital Contributions	21,901,013	-	-	21,901,013
Additions to Endowments	2,879,478	-	-	2,879,478
Total Other Revenues	24,780,491	-	-	24,780,491
Increase in Net Position	80,279,424	-	-	80,279,424
NET POSITION				
Net Position, July 1, 2023 (as Restated)	1,108,835,256	-	-	1,108,835,256
Net Position, June 30, 2024	$ 1,189,114,680	$ -	$ -	$ 1,189,114,680

*UNCCIF amounts include the portion that is attributable to The Foundation of the University of North Carolina at Charlotte, Inc., which is discretely presented in Exhibit C-2 of the financial statements. UNCCIF amounts also include the Fiduciary Fund attributable to the Athletic Foundation of the University of North Carolina at Charlotte, Inc. presented in Exhibit B-2 of the financial statements. The discretely presented and the fiduciary portions are removed via eliminations.

Note 19 - Changes in Financial Accounting and Reporting

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

> *GASB Statement No. 100, Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*

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

Note 20 - Net Position Restatement

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

	Amount
July 1, 2023 Net Position as Previously Reported	$ 1,100,042,094
Restatement:	
Change in Accounting Principle for Grouped Assets	8,793,162
July 1, 2023 Net Position as Restated	$ 1,108,835,256

Note 21 - Subsequent Event

On August 2, 2024, the University became a lessee to Ninth Street Investors, LLC., with both parties officially signing the lease agreement on August 13, 2024. The University will lease an office building located in Charlotte, North Carolina. Base rent is set at approximately $4.8 million over a 10-year term lease which began in August 2024.

Required Supplementary Information

The University of North Carolina at Charlotte
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 D-1

Teachers' and State Employees' Retirement System	**2024**	**2023**	**2022**	**2021**	**2020**
Proportionate Share Percentage of Collective Net Pension Liability	0.74137%	0.70108%	0.74720%	0.74530%	0.73612%
Proportionate Share of TSERS Collective Net Pension Liability	$ 123,601,080	$ 104,055,962	$ 34,988,395	$ 90,047,124	$ 76,313,244
Covered Payroll	$ 134,443,872	$ 119,846,893	$ 121,341,364	$ 123,102,780	$ 120,175,366
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	91.94%	86.82%	28.83%	73.15%	63.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.97%	84.14%	94.86%	85.98%	87.56%

	2019	**2018**	**2017**	**2016**	**2015**
Proportionate Share Percentage of Collective Net Pension Liability	0.71481%	0.70204%	0.66102%	0.67044%	0.67809%
Proportionate Share of TSERS Collective Net Pension Liability	$ 71,167,120	$ 55,702,950	$ 60,757,566	$ 24,707,041	$ 7,950,070
Covered Payroll	$ 114,333,290	$ 109,431,980	$ 101,985,427	$ 98,002,228	$ 96,704,555
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	62.25%	50.90%	59.57%	25.21%	8.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.61%	89.51%	87.32%	94.64%	98.24%

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

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

The University of North Carolina at Charlotte
Required Supplementary Information
Schedule of University Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit Pension Plan
Last Ten Fiscal Years

Exhibit D-2

Teachers' and State Employees' Retirement System	2024	2023	2022	2021	2020
Contractually Required Contribution	$ 25,320,041	$ 23,366,345	$ 19,630,921	$ 17,934,254	$ 15,966,431
Contributions in Relation to the Contractually Determined Contribution	25,320,041	23,366,345	19,630,921	17,934,254	15,966,431
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 143,537,648	$ 134,443,872	$ 119,846,893	$ 121,341,364	$ 123,102,780
Contributions as a Percentage of Covered Payroll	17.64%	17.38%	16.38%	14.78%	12.97%

	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 14,769,553	$ 12,325,129	$ 10,921,312	$ 9,331,667	$ 8,967,204
Contributions in Relation to the Contractually Determined Contribution	14,769,553	12,325,129	10,921,312	9,331,667	8,967,204
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 120,175,366	$ 114,333,290	$ 109,431,980	$ 101,985,427	$ 98,002,228
Contributions as a Percentage of Covered Payroll	12.29%	10.78%	9.98%	9.15%	9.15%

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

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

Changes of Benefit Terms:

Cost of Living Increase

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

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

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

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

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

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

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

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

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

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

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

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

N/A - Not Applicable

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

Retiree Health Benefit Fund	**2024**	**2023**	**2022**	**2021**	**2020**
Proportionate Share Percentage of Collective Net OPEB Liability	1.50377%	1.50361%	1.55190%	1.54797%	1.54029%
Proportionate Share of Collective Net OPEB Liability	$ 400,714,688	$ 357,060,159	$ 479,780,356	$ 429,421,307	$ 487,339,827
Covered Payroll	$ 299,231,197	$ 273,021,319	$ 272,879,289	$ 273,878,099	$ 267,338,387
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	133.91%	130.78%	175.82%	156.79%	182.29%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	10.73%	10.58%	7.72%	6.92%	4.40%

	2019	**2018**	**2017**
Proportionate Share Percentage of Collective Net OPEB Liability	1.46220%	1.37590%	1.47880%
Proportionate Share of Collective Net OPEB Liability	$ 416,554,876	$ 451,110,687	$ 643,328,264
Covered Payroll	$ 255,356,381	$ 243,798,332	$ 226,082,790
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	163.13%	185.03%	284.55%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.40%	3.52%	2.41%

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

Exhibit D-3

Last Eight Fiscal Years*

Disability Income Plan of North Carolina	2024	2023	2022	2021	2020
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	1.55708%	1.48632%	1.52067%	1.60072%	1.58951%
Proportionate Share of Collective Net OPEB Liability (Asset)	$ 414,121	$ 442,150	$ (248,386)	$ (787,458)	$ (685,874)
Covered Payroll	$ 299,231,197	$ 273,021,319	$ 272,879,289	$ 273,878,099	$ 267,338,387
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.14%	0.16%	0.09%	0.29%	0.26%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	90.61%	90.34%	105.18%	115.57%	113.00%

	2019	2018	2017
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	1.52036%	1.50392%	1.35886%
Proportionate Share of Collective Net OPEB Liability (Asset)	$ (461,825)	$ (919,196)	$ (843,852)
Covered Payroll	$ 255,356,381	$ 243,798,332	$ 226,082,790
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.18%	0.38%	0.37%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	108.47%	116.23%	116.06%

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

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

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

Exhibit D-4

Last Ten Fiscal Years

Page 1 of 2

Retiree Health Benefit Fund	**2024**	**2023**	**2022**	**2021**	**2020**
Contractually Required Contribution	$ 22,969,438	$ 20,617,029	$ 17,173,041	$ 18,228,337	$ 17,719,913
Contributions in Relation to the Contractually Determined Contribution	22,969,438	20,617,029	17,173,041	18,228,337	17,719,913
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 321,700,809	$ 299,231,197	$ 273,021,319	$ 272,879,289	$ 273,878,099
Contributions as a Percentage of Covered Payroll	7.14%	6.89%	6.29%	6.68%	6.47%

	2019	**2018**	**2017**	**2016**	**2015**
Contractually Required Contribution	$ 16,762,117	$ 15,449,061	$ 14,168,417	$ 12,660,636	$ 11,738,557
Contributions in Relation to the Contractually Determined Contribution	16,762,117	15,449,061	14,168,417	12,660,636	11,738,557
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 267,338,387	$ 255,356,381	$ 243,798,332	$ 226,082,790	$ 213,817,074
Contributions as a Percentage of Covered Payroll	6.27%	6.05%	5.81%	5.60%	5.49%

The University of North Carolina at Charlotte
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	2024	2023	2022	2021	2020
Contractually Required Contribution	$ 353,871	$ 299,231	$ 245,719	$ 245,591	$ 273,878
Contributions in Relation to the Contractually Determined Contribution	353,871	299,231	245,719	245,591	273,878
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 321,700,809	$ 299,231,197	$ 273,021,319	$ 272,879,289	$ 273,878,099
Contributions as a Percentage of Covered Payroll	0.11%	0.10%	0.09%	0.09%	0.10%

	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 374,274	$ 357,499	$ 926,434	$ 926,939	$ 876,650
Contributions in Relation to the Contractually Determined Contribution	374,274	357,499	926,434	926,939	876,650
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 267,338,387	$ 255,356,381	$ 243,798,332	$ 226,082,790	$ 213,817,074
Contributions as a Percentage of Covered Payroll	0.14%	0.14%	0.38%	0.41%	0.41%

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Independent Auditor's Report

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 Charlotte
Charlotte, 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 Charlotte (University), a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina, and its discretely presented component unit, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 15, 2024. Our report includes a reference to other auditors who audited the financial statements of The University of North Carolina at Charlotte Investment Fund, Inc. and the consolidated financial statements of The Foundation of the University of North Carolina at Charlotte, Inc., as described in our report on the University's financial statements. The financial statements of The University of North Carolina at Charlotte Investment Fund, Inc. and the consolidated financial statements of The Foundation of the University of North Carolina at Charlotte, 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 those entities.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Jessica N. Holmes, J.D.

Jessica N. Holmes, J.D.
State Auditor

Raleigh, North Carolina

November 15, 2024

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This audit required 505 hours at an approximate cost of $78,275.