

UNIVERSITY OF NORTH CAROLINA  
**CHARLOTTE**

---

**2025 ANNUAL FINANCIAL REPORT**



Woodward Hall

A constituent institution of the University of North Carolina System, a component unit of the State of North Carolina.  
Prepared by the University Controller's Office. *Fiscal year ended June 30, 2025*

# TABLE OF CONTENTS

<b>INTRODUCTORY SECTION</b>	<b>3</b>
Letter of Transmittal	4
Board of Trustees	5
Chancellor’s Cabinet	6
<b>FINANCIAL SECTION</b>	<b>7</b>
Independent Auditor’s Report	8
Management’s Discussion and Analysis	11
Financial Statements	22
Notes to the Financial Statements	31
Required Supplementary Information	73



Clock Tower

# INTRODUCTORY SECTION



Football Stadium

# Letter of Transmittal



**RICHARD AMON**  
Vice Chancellor for Business Affairs

To: Chancellor Sharon L. Gaber,  
Members of the Board of Trustees, and  
Constituents of UNC Charlotte

I am pleased to present UNC Charlotte's 2025 Annual Financial Report. Prepared by Business Affairs staff in accordance with generally accepted accounting principles for public colleges and universities as defined by the Governmental Accounting Standards Board, the report includes the Office of State Auditor's report, financial statements for the fiscal year ended June 30, 2025 with management analysis, notes to the financial statements, and required supplementary information. We believe the information presented herein is accurate in all material respects and reported in a manner fairly representing the University's financial position and activities. UNC Charlotte maintains an effective system of internal controls to ensure that financial assets are safeguarded and transactions are properly executed and recorded.

## **Financial Report Highlights for Fiscal Year 2025**

- ❖ The University's total assets at June 30, 2025 were \$2.4 billion.
- ❖ Net position increased by \$85.1 million (7.2%) during the reporting period; ending net position was \$1.3 billion demonstrating a sound financial base.
- ❖ The University's liquidity remains strong with a current ratio of 8.1. This current ratio, defined as current assets divided by current liabilities, indicates that the University, if needed, could satisfy payment of eight times its current liabilities before current assets were exhausted.
- ❖ The University recognized \$946.6 million in revenues and incurred \$843.2 million in operating expenses. State appropriations combined with student tuition and fees, net, and sales & services contributed 71.3% of the total revenues; salaries and benefits combined with supplies and services accounted for 88.6% of operating expenses.

University leadership is mindful of its financial stewardship and is committed to effective resource management. UNC Charlotte is increasingly positioned to play a vital role in advancing innovation and prosperity in the Charlotte region.

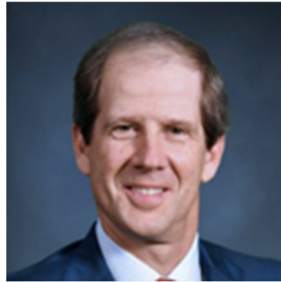
Sincerely,

Richard Amon

# Board of Trustees



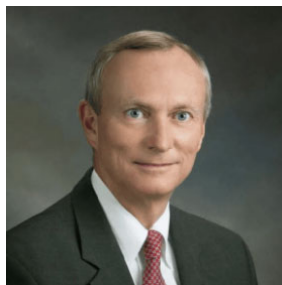
DONTÁ L. WILSON '97  
Chair



SASHA J. WEINTRAUB  
Vice Chair



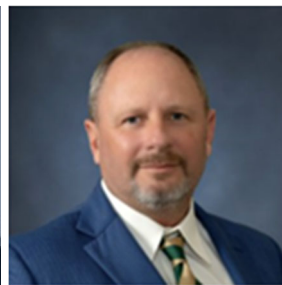
GEOFFREY D. GRAY  
Secretary



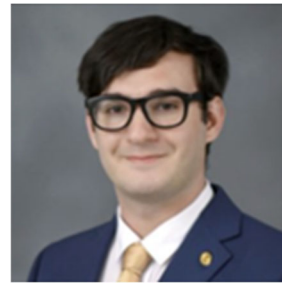
W. HENRY ATKINS



AMY KLEIN AZNAR



JOHN A. BAILEY '94



ISAIAH J. GRAYSON '25  
Student Body President 2025-26



DAVID LONGO



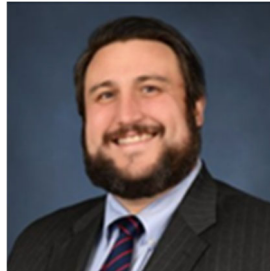
HUGH L. MCCOLL JR.



DAVID R. RAVIN '94



THOMAS M. SCRIVENER



LAWRENCE J. SHAHEEN JR.



MICHAEL J. SMITH

# Chancellor's Cabinet

**SHARON L. GABER**

Chancellor

**RICHARD AMON**

Vice Chancellor for Business Affairs and Chief Financial and Administrative Officer

**KEVIN BAILEY**

Vice Chancellor for Student Affairs

**JOE BOST**

Special Assistant to the Chancellor for External Relations and Partnerships

**KIM S. BRADLEY**

Chief of Staff

**MICHAEL S. CARLIN**

Vice Chancellor for Information Technology, Chief Information Officer and  
Chief University Innovation and Process Officer

**BETH CRIGLER**

Vice Chancellor for Advancement

**JOHN DANIELS**

Vice Chancellor for Research

**SARAH EDWARDS**

Interim Vice Chancellor for Institutional Integrity and General Counsel

**JAMES E. S. (JESH) HUMPHREY IV**

Interim Director of Athletics

**JENNIFER AMES STUART**

Chief Communications Officer/Associate Vice Chancellor for University Communications

**JENNIFER TROYER**

Provost and Vice Chancellor for Academic Affairs

# FINANCIAL SECTION



Campus in the Fall



# **Independent Auditor's Report**



North Carolina Office of the State Auditor

Dave Boliek, 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, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of The University of North Carolina at Charlotte, and its discretely presented component unit, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of The University of North Carolina at Charlotte Investment Fund, Inc., which represent 5.06 percent and 0.32 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2025 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance. The report on internal control and compliance has been issued under a separate cover in the Financial Statement Audit Report of The University of North Carolina at Charlotte published by this office.



Dave Boliek  
State Auditor

Raleigh, North Carolina

November 18, 2025



# **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, 2025, and to provide assistance in understanding the accompanying financial statements and notes. Comparative information for the year ended June 30, 2024 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 the following financial statements with related note disclosures:

- Statement of Proprietary Net Position
- Statement of Proprietary Revenues, Expenses, and Changes in Net Position
- Statement of Proprietary Cash Flows
- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Consolidated Statement of Financial Position for the Foundation
- Consolidated Statement of Activities for the Foundation

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

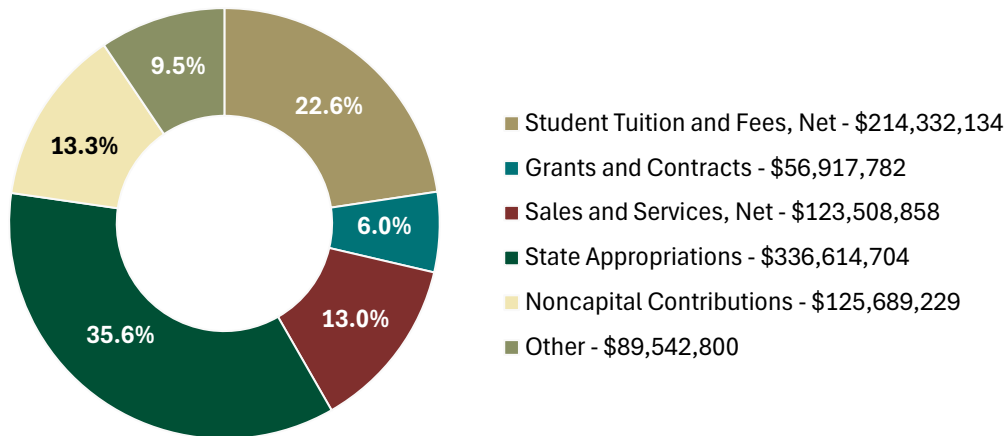
Management's discussion and analysis will concentrate on the University's Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position as condensed comparative financial information is not required for fiduciary activities.

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.

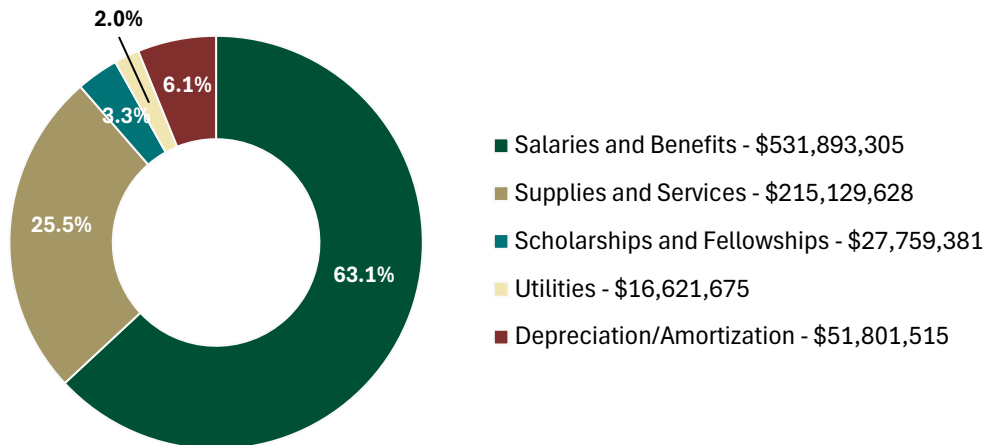
**Financial Highlights**

- ❖ The University’s total assets at June 30, 2025 were \$2.4 billion.
- ❖ Net position increased by \$85.1 million (7.2%) during the reporting period; ending net position was \$1.3 billion demonstrating a sound financial base.
- ❖ The University’s liquidity remains strong with a current ratio of 8.1. This current ratio, defined as current assets divided by current liabilities, indicates that the University, if needed, could satisfy payments eight times its current liabilities before current assets were exhausted.
- ❖ The University recognized \$946.6 million in revenues and incurred \$843.2 million in operating expenses. State appropriations combined with student tuition and fees, net, and sales and services contributed 71.3% of the total revenues; salaries and benefits combined with supplies and services accounted for 88.6% of operating expenses.

**2025 Total Revenues by Source: \$946,605,507**



**2025 Operating Expenses by Natural Classification: \$843,205,504**



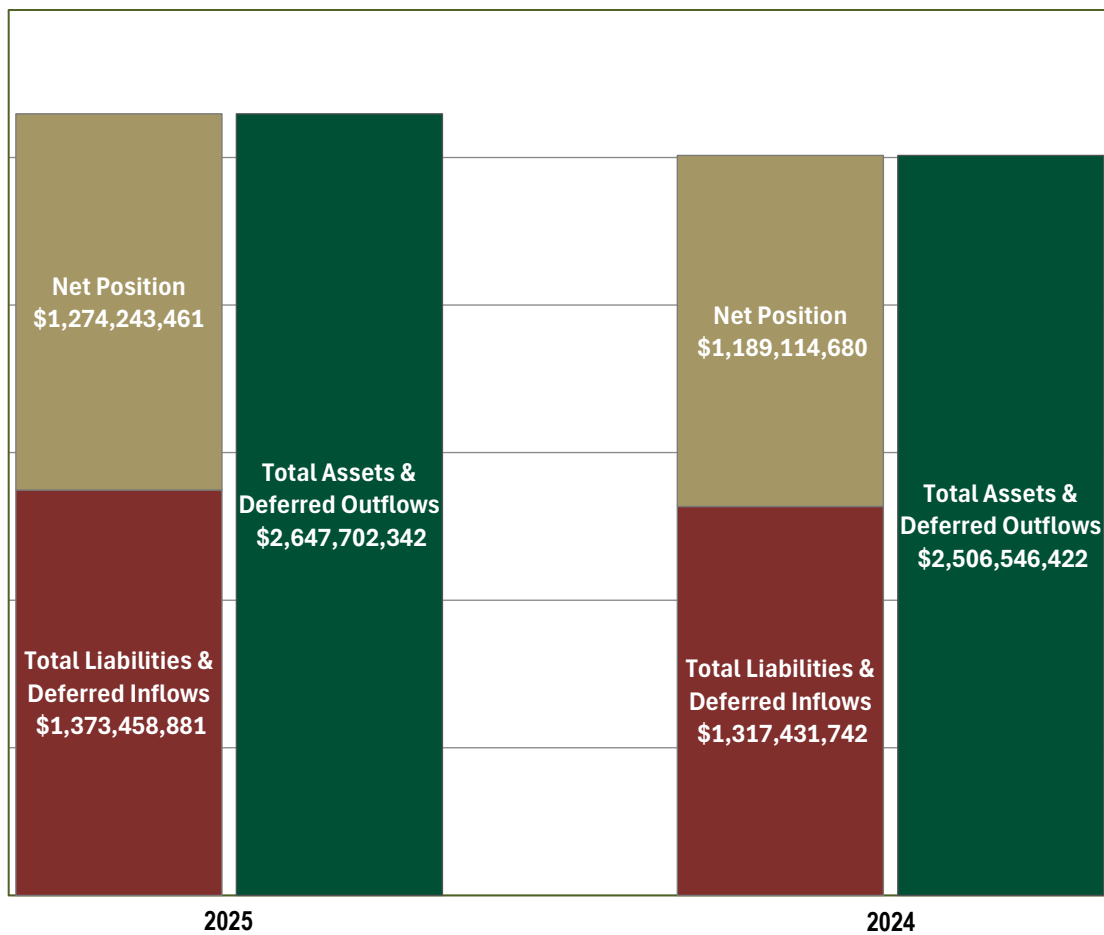
Comparative Condensed Financial Statement Information

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, 2025 and June 30, 2024:

Net Position by Statement Classification



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.

## Management's Discussion and Analysis

The following table summarizes and compares condensed balances as reported on the University's SNP as of June 30, 2025 and June 30, 2024.

### Condensed Statement of Net Position - Proprietary Fund

	2025	2024	Change	
			Amount	Percent
<b>Assets:</b>				
Current Assets	\$ 552,567,018	\$ 522,848,914	\$ 29,718,104	5.7%
Noncurrent Assets:				
Endowment and Other Investments	232,617,590	211,873,374	20,744,216	9.8%
Capital Assets, Net	1,578,233,925	1,552,633,285	25,600,640	1.6%
Other Noncurrent Assets	47,697,397	46,428,269	1,269,128	2.7%
<b>Total Assets</b>	<b>2,411,115,930</b>	<b>2,333,783,842</b>	<b>77,332,088</b>	<b>3.3%</b>
<b>Deferred Outflows of Resources:</b>				
Deferred Loss on Refunding	11,810,660	12,627,321	(816,661)	-6.5%
Deferred Outflows Related to Pensions & OPEB	224,775,752	160,135,259	64,640,493	40.4%
<b>Total Deferred Outflows of Resources</b>	<b>236,586,412</b>	<b>172,762,580</b>	<b>63,823,832</b>	<b>36.9%</b>
<b>Liabilities:</b>				
Current Liabilities	68,043,045	59,436,124	8,606,921	14.5%
Noncurrent Liabilities:				
Long-Term Liabilities, Net	1,215,897,862	1,124,176,383	91,721,479	8.2%
Other Noncurrent Liabilities	11,166,216	11,215,451	(49,235)	-0.4%
<b>Total Liabilities</b>	<b>1,295,107,123</b>	<b>1,194,827,958</b>	<b>100,279,165</b>	<b>8.4%</b>
<b>Deferred Inflows of Resources:</b>				
Deferred Gain on Refunding	19,539	21,014	(1,475)	-7.0%
Deferred Inflows Related to Pensions & OPEB	77,397,172	121,400,649	(44,003,477)	-36.2%
Deferred Inflows for Leases	935,047	1,182,121	(247,074)	-20.9%
<b>Total Deferred Inflows of Resources</b>	<b>78,351,758</b>	<b>122,603,784</b>	<b>(44,252,026)</b>	<b>-36.1%</b>
<b>Net Position:</b>				
Net Investment in Capital Assets	1,069,597,051	1,028,222,091	41,374,960	4.0%
Restricted:				
Nonexpendable	56,286,523	53,981,769	2,304,754	4.3%
Expendable	121,199,617	114,571,662	6,627,955	5.8%
Unrestricted	27,160,270	(7,660,842)	34,821,112	454.5%
<b>Total Net Position</b>	<b>\$ 1,274,243,461</b>	<b>\$ 1,189,114,680</b>	<b>\$ 85,128,781</b>	<b>7.2%</b>

Net position increased to \$1.3 billion as of June 30, 2025, reflecting the general financial strength of the University. Total working capital (current assets less current liabilities) increased by \$21.1 million, or 4.6%, to \$484.5 million at June 30, 2025, due to an increase in current assets as discussed below. Other highlights of the information presented on the SNP:

- Total assets increased by \$77.3 million, or 3.3%, to \$2.4 billion at June 30, 2025.
  - Current assets are those that are available to pay for current liabilities or current year expenditures. Current assets increased by \$29.7 million in fiscal year 2025, primarily due to increases in unrestricted cash and short-term investments. Unrestricted cash increased by \$24.2 million due to the combined result of increased interest from the Short-Term Investment Fund, increased dining and parking revenues, increased overhead receipts from grants and contracts, and increased debt service fee revenues. Short-term investments increased due to higher interest rates and improved market performance.

- Noncurrent assets increased \$47.6 million during the fiscal year primarily due to investment increases of \$20.7 million resulting from a higher rate of return and construction in progress increases of \$33.8 million.
- Total deferred outflows of resources increased by \$63.8 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 \$100.3 million, or 8.4%, to \$1.3 billion at June 30, 2025.
  - Current liabilities, those that are payable in the next fiscal year, increased by \$8.6 million, primarily due to an increase in accounts payable related to capital projects for renovations not completed at year end (Cameron second floor renovations, Friday HVAC and electrical upgrades, Greek Village HVAC and kitchen upgrades) and the Sanford Hall demolition.
  - Noncurrent liabilities increased by \$91.7 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 \$44.3 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 \$41.4 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 2025.
    - 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 did not materially change in fiscal year 2025.
  - Unrestricted Net Position: Represents net equity available for any lawful purpose of the University. The University's unrestricted net position increased by \$34.8 million this fiscal year due to the increase in assets resulting from increased investment earnings, as well as a large increase in noncapital contributions from Federal programs due to the updates to the federal formula for Pell eligible students and Next NC grant, and an increase in state appropriations.

**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 \$488.6 million negative impact on the University’s unrestricted net position. Without these reported balances, the University’s available resources are \$515.8 million, an increase of \$37.4 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**

	2025	2024	Change
Available Resources	\$ 515,770,389	\$ 478,334,437	\$ 37,435,952
Pension Net Obligation (GASB Stmt. No. 68)	(56,192,184)	(48,545,120)	(7,647,064)
OPEB Net Obligation (GASB Stmt. No. 75)	(432,417,935)	(437,450,159)	5,032,224
<b>Total Unrestricted Net Position</b>	<b>\$ 27,160,270</b>	<b>\$ (7,660,842)</b>	<b>\$ 34,821,112</b>

The net OPEB balance reported above relates to the Retiree Health Benefit Fund (RHBF). Two key drivers of an overall \$2.6 million increase in the negative effect that pension and OPEB obligations had on unrestricted net position were the change of assumptions used to value the net pension and RHBF liability, as well as the change in the proportion of liabilities allocated to the University. The Disability Income Plan of North Carolina (DIPNC) was in an asset position as of June 30, 2025. 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, 2025 and June 30, 2024.

### Condensed Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund

	2025		2024		Change	
					Amount	Percent
<b>Operating Revenues:</b>						
Student Tuition and Fees, Net	\$	214,332,134	\$	250,620,701	\$ (36,288,567)	-14.5%
Grants and Contracts		56,917,782		59,399,212	(2,481,430)	-4.2%
Sales and Services, Net		123,508,858		110,582,339	12,926,519	11.7%
Other Operating Revenues		7,694,461		6,806,878	887,583	13.0%
<b>Total Operating Revenues</b>		<b>402,453,235</b>		<b>427,409,130</b>	<b>(24,955,895)</b>	<b>-5.8%</b>
<b>Operating Expenses:</b>						
Salaries and Benefits		531,893,305		486,151,238	45,742,067	9.4%
Supplies and Services		215,129,628		204,283,186	10,846,442	5.3%
Scholarships and Fellowships		27,759,381		45,047,395	(17,288,014)	-38.4%
Utilities		16,621,675		14,856,898	1,764,777	11.9%
Depreciation/Amortization		51,801,515		48,838,319	2,963,196	6.1%
<b>Total Operating Expenses</b>		<b>843,205,504</b>		<b>799,177,036</b>	<b>44,028,468</b>	<b>5.5%</b>
<b>Operating Loss</b>		<b>(440,752,269)</b>		<b>(371,767,906)</b>	<b>(68,984,363)</b>	<b>18.6%</b>
<b>Nonoperating Revenues (Expenses):</b>						
State Appropriations		336,614,704		325,369,553	11,245,151	3.5%
Noncapital Contributions, incl. Student Financial Aid		125,689,229		94,450,222	31,239,007	33.1%
Investment Income, Net		48,994,028		27,305,976	21,688,052	79.4%
Interest and Fees on Debt, Net of Subsidy		(16,234,454)		(16,749,078)	514,624	-3.1%
Other Nonoperating Expenses		(1,377,668)		(3,109,834)	1,732,166	-55.7%
<b>Net Nonoperating Revenues</b>		<b>493,685,839</b>		<b>427,266,839</b>	<b>66,419,000</b>	<b>15.5%</b>
<b>Income Before Other Revenues</b>		<b>52,933,570</b>		<b>55,498,933</b>	<b>(2,565,363)</b>	<b>-4.6%</b>
Capital Contributions		29,985,234		21,901,013	8,084,221	36.9%
Additions to Endowments		2,209,977		2,879,478	(669,501)	-23.3%
<b>Increase in Net Position</b>		<b>85,128,781</b>		<b>80,279,424</b>	<b>4,849,357</b>	<b>6.0%</b>
Net Position, Beginning of Year		1,189,114,680		1,108,835,256	80,279,424	7.2%
<b>Net Position, End of Year</b>	\$	<b>1,274,243,461</b>	\$	<b>1,189,114,680</b>	\$ <b>85,128,781</b>	<b>7.2%</b>

Fiscal year 2025 total revenues were \$946,605,507 and total expenses were \$861,476,726

Fiscal year 2024 total revenues were \$900,012,508 and total expenses were \$819,733,084

The overall increase in net position of \$85.1 million is composed of the following highlighted changes:

- Total operating revenues decreased by \$25.0 million, or 5.8%, as compared to the prior fiscal year.
  - Gross student tuition and fees revenues decreased by \$2.3 million due to two offsetting factors. Tuition and fee revenues increased by \$12.7 million resulting from enrollment growth, fee increases, and non-resident tuition increases; however, this was offset by \$15.4 million in tuition waivers previously included in the scholarship discount prior to the change in accounting discussed below. Student tuition and fees (net) was further impacted by the change in accounting estimate for scholarship discounts, resulting in an additional decrease of \$33.7 million. This change was a result of the new guidance from the National Association of College and University Business Officers (NACUBO) Advisory Report. As a result of the updated guidance, the University now uses a more precise method for allocating scholarship discounts. The new method is based on an analysis of individual student account charges and financial aid payments from the student management information system versus the

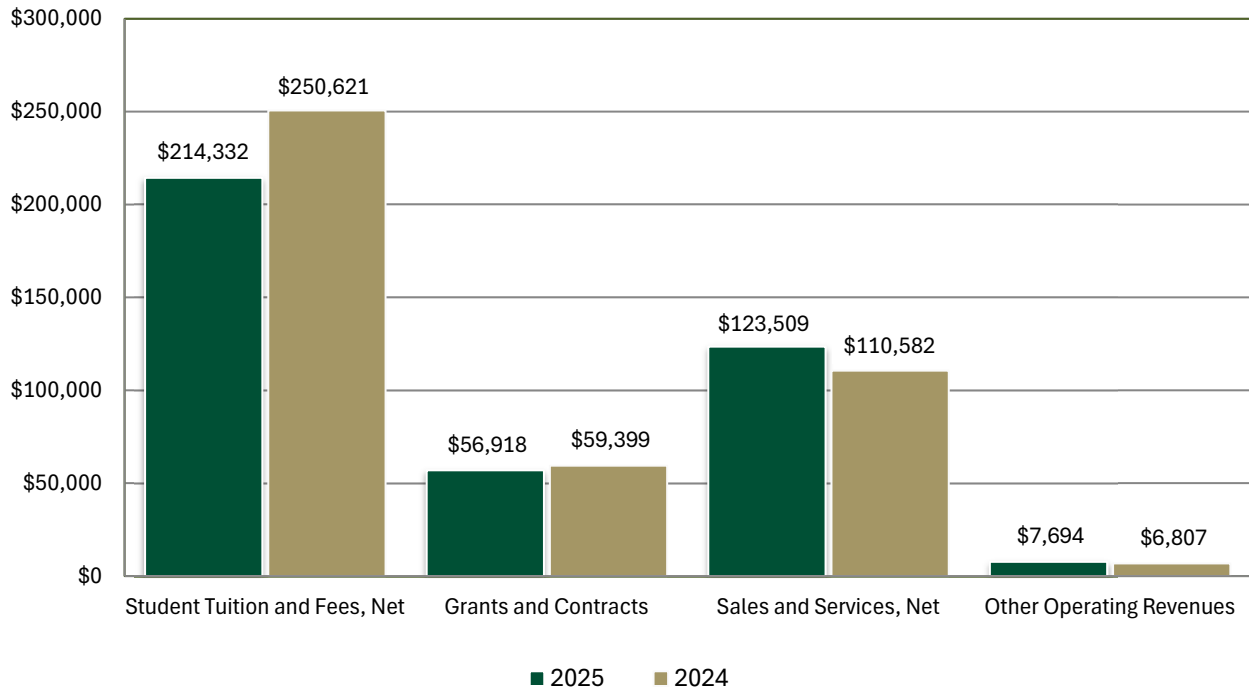
## Management's Discussion and Analysis

use of aggregated student financial aid and aggregated revenue amounts. This updated approach resulted in a greater amount of financial aid being applied as a discount, which in turn reduced net tuition revenue.

- Sales and services (net) revenue increased by \$12.9 million primarily due to the change in the accounting estimate for scholarship discounts described above. Most of the discount is now applied to student tuition and fees, and less to housing and dining. Excluding the adjustment for the discount for comparative purposes, the increase was \$5.8 million, which was due to enrollment growth.

### Comparison of Operating Revenues for Years Ended June 30, 2025 and 2024

Dollars in thousands

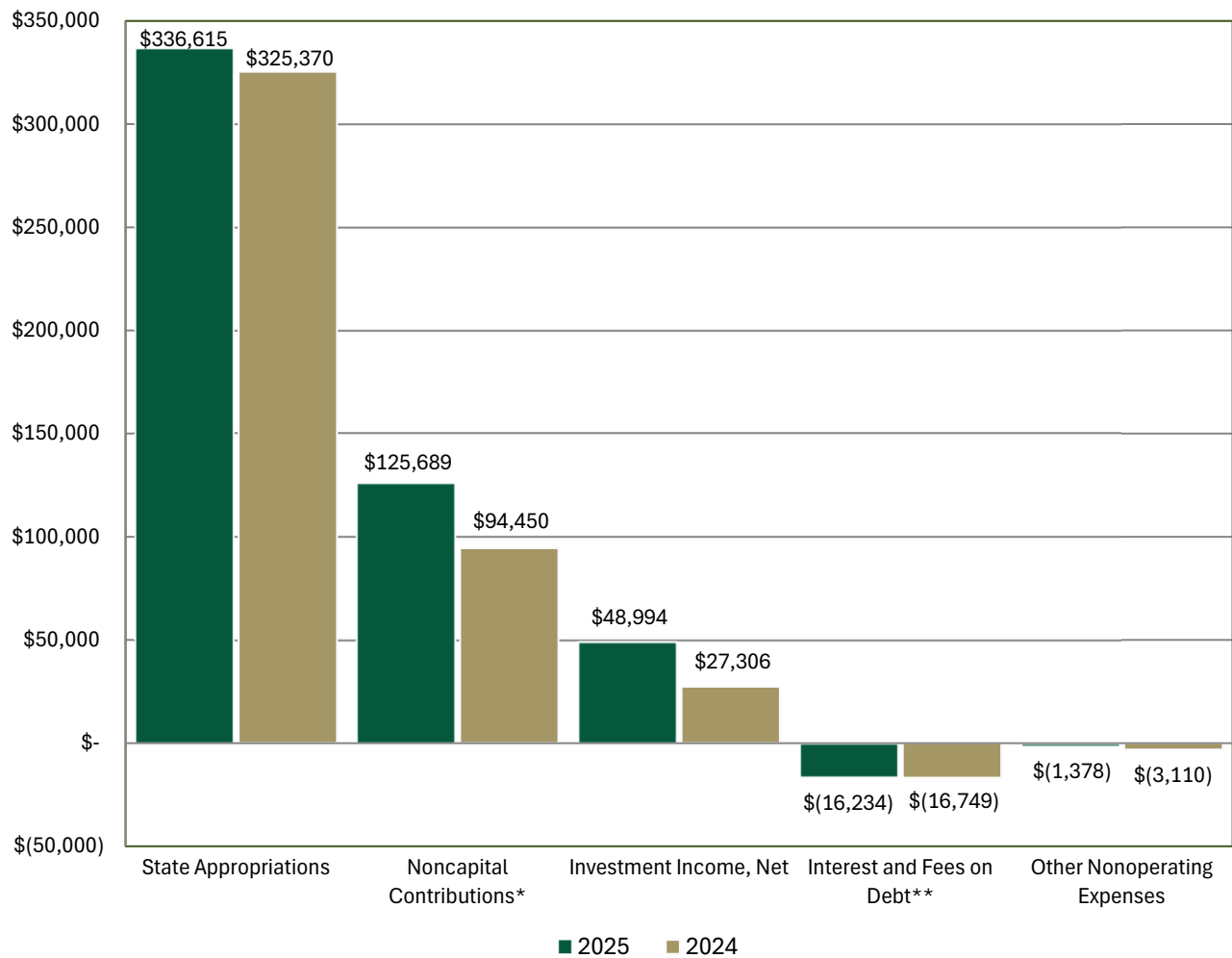


- Operating expenses are those incurred to acquire or produce the goods and services provided to fulfill the mission of the University. Total operating expenses increased by \$44.0 million, or 5.5%, from the prior year, to \$843.2 million.
  - Salaries and benefits expenses increased by \$45.7 million, primarily due to a \$24.2 million increase in salaries expenses from a 3% legislatively-mandated raise for all employees, as well as a \$17.8 million increase in pension and OPEB expenses recognized related to GASB Statement Nos. 68 and 75.
  - Supplies and services expenses increased by \$10.8 million primarily due to an increase in repairs and maintenance projects across campus.
  - Scholarships and fellowships decreased \$17.3 million primarily due to the new NACUBO scholarship discounting guidance to apply more institutional aid to tuition discounts.
- 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 \$493.7 million in fiscal year 2025, a \$66.4 million, or 15.5% increase compared to the prior year.

- State appropriations increased by \$11.2 million mainly due to an allocation from the State for legislative increases in employee salaries and benefits.
- Student financial aid increased by \$24.3 million due to changes in the Federal formula for Pell eligible students and the formula for the Next NC grant, which resulted in more students being eligible for Pell, and by extension the Next NC grant.
- Noncapital contributions increased \$7.0 million primarily due to healthcare workforce funds, sports wagering funds, athletic gifts, and Hurricane Helene relief funds.
- Investment income (net) increased by \$21.7 million primarily due to a higher rate of return on investments and an increase in appraisals of real estate held for investment.

**Comparison of Nonoperating Revenues (Expenses) for Years Ended June 30, 2025 and 2024**

Dollars in thousands



\*Noncapital Contributions presented above includes Student Financial Aid.

\*\* Interest and Fees on Debt presented above is shown net of the Federal Interest Subsidy.

- Other revenues increased \$7.4 million, primarily 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, 2025, and June 30, 2024. Information regarding changes in capital assets is also disclosed in Note 6 to the Financial Statements.

### Capital Assets, Net of Accumulated Depreciation/Amortization

	2025		2024		Change		
					Amount	Percent	
Land and Land Improvements	\$	14,393,560	\$	14,393,560	\$	-	0.0%
Art, Literature and Artifacts		39,410,617		38,881,647		528,970	1.4%
Construction in Progress		47,267,981		13,463,715		33,804,266	251.1%
Buildings		1,135,649,618		1,152,548,611		(16,898,993)	-1.5%
Machinery and Equipment		98,752,579		96,181,021		2,571,558	2.7%
General Infrastructure		204,289,429		207,213,711		(2,924,282)	-1.4%
Computer Software		6,141,364		7,246,540		(1,105,176)	-15.3%
Right-to-Use Leased Buildings		7,480,094		4,550,932		2,929,162	64.4%
Right-to-Use-Leased Machinery and Equipment		36,427		473,543		(437,116)	-92.3%
Right-to-Use Subscription Assets		24,812,256		17,680,005		7,132,251	40.3%
<b>Total Capital Assets, Net</b>	<b>\$</b>	<b>1,578,233,925</b>	<b>\$</b>	<b>1,552,633,285</b>	<b>\$</b>	<b>25,600,640</b>	<b>1.6%</b>

Construction in progress (CIP) at the end of the year was \$47.3 million, a \$33.8 million net increase from the prior year. The overall CIP increase is due to projects that were not completed as of June 30, 2025 including the Cameron second floor renovations, Upper Prospector renovations, Atkins Library tower and Richardson stadium upgrades.

The University also had \$45.2 million in outstanding commitments on construction contracts as of June 30, 2025. The bulk of these commitments are related to the Hawthorne Residence Hall renovations, Friday HVAC and electrical upgrade, and the Atkins Library Tower ADA and elevator upgrade in progress.

Capital contributions increased by \$8.1 million, primarily due to an increase in State Capital and Infrastructure Funds (SCIF) for capital projects including the Cameron second floor renovations, the Richardson Stadium upgrade, and Burson renovations.

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 with Standard & Poor's of '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. As a public institution, the University is subject to many of the macroeconomic conditions that affect the Nation and the State of North Carolina. The overall outlook for the four-year U.S. higher education sector, per Moody's Investors Service, was revised to negative from stable in March 2025 due to recent and potential federal policy changes that contribute to economic uncertainty and have prompted institutions to pause capital investments, freeze hiring, and reduce spending. 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. Information about the strategic plan and related metrics can be found at [strategicplan.charlotte.edu](https://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 5% increase in graduate and non-resident undergraduate tuition rates for the 2025-2026 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 32,200 students for the Fall 2025 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 58% of UNC Charlotte students receive some form of financial aid, and approximately 43% 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](https://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, 2025**

**Exhibit A-1**  
**Page 1 of 2**

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 397,608,357
Restricted Cash and Cash Equivalents	25,453,785
Short-Term Investments	93,362,188
Restricted Short-Term Investments	675,000
Receivables, Net (Note 5)	20,410,846
Inventories	296,495
Notes Receivable, Net (Note 5)	136,689
Leases Receivable (Note 9)	180,321
Prepaid Items	14,443,337

Total Current Assets	552,567,018
----------------------	-------------

Noncurrent Assets:

Restricted Cash and Cash Equivalents	45,227,470
Endowment Investments	223,024,898
Restricted Investments	9,592,692
Notes Receivable, Net (Note 5)	1,099,816
Leases Receivable (Note 9)	834,461
Net Other Postemployment Benefit Asset	535,650
Capital Assets - Nondepreciable (Note 6)	101,072,158
Capital Assets - Depreciable, Net (Note 6)	1,477,161,767

Total Noncurrent Assets	1,858,548,912
-------------------------	---------------

Total Assets	2,411,115,930
--------------	---------------

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Loss on Refunding	11,810,660
Deferred Outflows Related to Pensions	60,192,174
Deferred Outflows Related to Other Postemployment Benefits (Note 14)	164,583,578

Total Deferred Outflows of Resources	236,586,412
--------------------------------------	-------------

**LIABILITIES**

Current Liabilities:

Accounts Payable and Accrued Liabilities (Note 7)	20,735,204
Deposits Payable	369,232
Unearned Revenue	13,964,772
U.S. Government Grants Refundable	164,278
Interest Payable	4,376,692
Long-Term Liabilities - Due to University Component Unit - Current Portion (Note 8)	675,000
Long-Term Liabilities - Current Portion (Note 8)	27,757,867

Total Current Liabilities	68,043,045
---------------------------	------------

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

**Exhibit A-1**  
**Page 2 of 2**

Noncurrent Liabilities:	
Accounts Payable and Accrued Liabilities (Note 7)	212,272
Funds Held for Others	138,417
Unearned Revenue	9,464,813
U.S. Government Grants Refundable	1,350,714
Long-Term Liabilities - Due to University Component Unit (Note 8)	68,179,731
Long-Term Liabilities, Net (Note 8)	<u>1,147,718,131</u>
 Total Noncurrent Liabilities	 <u>1,227,064,078</u>
 Total Liabilities	 <u>1,295,107,123</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Gain on Refunding	19,539
Deferred Inflows Related to Pensions	1,230,618
Deferred Inflows Related to Other Postemployment Benefits (Note 14)	76,166,554
Deferred Inflows for Leases	<u>935,047</u>
 Total Deferred Inflows of Resources	 <u>78,351,758</u>
 <b>NET POSITION</b>	
Net Investment in Capital Assets	1,069,597,051
Restricted:	
Nonexpendable:	
Scholarships and Fellowships	8,659,077
Endowed Professorships	42,650,407
Departmental Uses	4,121,323
Loans	639,719
Other	<u>215,997</u>
 Total Restricted-Nonexpendable Net Position	 <u>56,286,523</u>
Expendable:	
Scholarships and Fellowships	14,669,620
Research	2,924,409
Endowed Professorships	44,076,814
Departmental Uses	9,694,825
Capital Projects	35,666,597
Hotel Operations	9,567,127
Debt Service	26,146
Other	<u>4,574,079</u>
 Total Restricted-Expendable Net Position	 <u>121,199,617</u>
 Unrestricted	 <u>27,160,270</u>
 Total Net Position	 <u>\$ 1,274,243,461</u>

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, 2025**

**Exhibit A-2**

**OPERATING REVENUES**

Student Tuition and Fees, Net (Note 11)	\$ 214,332,134
Federal Grants and Contracts	46,610,100
State and Local Grants and Contracts	4,576,739
Nongovernmental Grants and Contracts	5,730,943
Sales and Services, Net (Note 11)	123,508,858
Interest Earnings on Loans	50,358
Other Operating Revenues	7,644,103
	<hr/>
Total Operating Revenues	402,453,235

**OPERATING EXPENSES**

Salaries and Benefits	531,893,305
Supplies and Services	215,129,628
Scholarships and Fellowships	27,759,381
Utilities	16,621,675
Depreciation/Amortization	51,801,515
	<hr/>
Total Operating Expenses	843,205,504
	<hr/>
Operating Loss	(440,752,269)

**NONOPERATING REVENUES (EXPENSES)**

State Appropriations	336,614,704
Student Financial Aid	104,500,604
Noncapital Contributions	21,188,625
Investment Income (Net of Investment Expense of \$2,983,837)	48,994,028
Interest and Fees on Debt	(16,893,554)
Federal Interest Subsidy on Debt	659,100
Other Nonoperating Expenses	(1,377,668)
	<hr/>
Net Nonoperating Revenues	493,685,839
	<hr/>
Income Before Other Revenues	52,933,570
	<hr/>
Capital Contributions	29,985,234
Additions to Endowments	2,209,977
	<hr/>
Total Other Revenues	32,195,211
	<hr/>
Increase in Net Position	85,128,781

**NET POSITION**

Net Position - July 1, 2024	1,189,114,680
	<hr/>
Net Position - June 30, 2025	\$ 1,274,243,461

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, 2025**

**Exhibit A-3**  
**Page 1 of 2**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Received from Customers	\$ 397,902,330
Payments to Employees and Fringe Benefits	(529,202,064)
Payments to Vendors and Suppliers	(224,325,464)
Payments for Scholarships and Fellowships	(27,759,381)
Loans Issued	(122,684)
Collection of Loans	224,667
Interest Earned on Loans	61,636
William D. Ford Direct Lending Receipts	106,667,163
William D. Ford Direct Lending Disbursements	(106,667,163)
Related Activity Agency Receipts	24,358,793
Related Activity Agency Disbursements	(24,351,566)
Other Receipts	6,751,597
	<hr/>
Net Cash Used by Operating Activities	(376,462,136)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State Appropriations	336,614,704
Student Financial Aid	104,125,499
Noncapital Contributions	19,681,815
Additions to Endowments	2,209,977
	<hr/>
Total Cash Provided by Noncapital Financing Activities	462,631,995

**CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES**

Capital Contributions	28,455,725
Proceeds from Insurance on Capital Assets	103,559
Proceeds from Lease Arrangements	335,964
Acquisition and Construction of Capital Assets	(54,880,806)
Principal Paid on Capital Debt and Lease/Subscription Liabilities	(38,720,203)
Interest and Fees Paid on Capital Debt and Leases/Subscription Liabilities	(17,956,757)
Federal Interest Subsidy on Debt Received	681,446
	<hr/>
Net Cash Used by Capital Financing and Related Financing Activities	(81,981,072)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sales and Maturities of Investments	19,488,775
Investment Income	18,452,256
Purchase of Investments and Related Fees	(15,306,849)
	<hr/>
Net Cash Provided by Investing Activities	22,634,182
	<hr/>
Net Increase in Cash and Cash Equivalents	26,822,969
Cash and Cash Equivalents - July 1, 2024	441,466,643
	<hr/>
Cash and Cash Equivalents - June 30, 2025	\$ 468,289,612

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

**Exhibit A-3**  
**Page 2 of 2**

**RECONCILIATION OF OPERATING LOSS TO  
NET CASH USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (440,752,269)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation/Amortization Expense	51,801,515
Allowances, Write-Offs, and Amortizations	1,545,356
Other Nonoperating Income	1,396,480
Changes in Assets and Deferred Outflows of Resources:	
Receivables, Net	(600,014)
Inventories	20,640
Notes Receivable, Net	115,987
Net Other Postemployment Benefit Asset	(535,650)
Prepaid Items	198,383
Deferred Outflows Related to Pensions	17,556,467
Deferred Outflows Related to Other Postemployment Benefits	(82,196,960)
Changes in Liabilities and Deferred Inflows of Resources:	
Accounts Payable and Accrued Liabilities	6,253,972
Funds Held for Others	15,123
Unearned Revenue	2,203,673
Net Pension Liability	(8,447,340)
Net Other Postemployment Benefits Liability	119,666,620
Compensated Absences	(133,707)
Deposits Payable	(46,629)
Workers' Compensation Liability	(520,306)
Deferred Inflows Related to Pensions	(1,462,063)
Deferred Inflows Related to Other Postemployment Benefits	(42,541,414)
Net Cash Used by Operating Activities	<u>\$ (376,462,136)</u>

**NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES**

Assets Acquired through the Assumption of a Liability	\$ 26,639,059
Assets Acquired through a Gift	1,529,509
Change in Fair Value of Investments	22,192,129
Loss on Disposal of Capital Assets	(2,416,266)
Amortization of Bond Premiums/Discounts	(1,685,070)
Amortization of Deferred Gain/Loss on Refunding	815,186
Increase in Receivables related to Nonoperating/Other Revenues	89,821
Decrease in Net Other Postemployment Benefits Liability Related to Noncapital Contributions	(158,399)
Decrease in Subscription Liabilities Due to Early Terminations	(688,805)

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, 2025**

**Exhibit B-1**

	<b>External Investment Pool Funds</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 602,690
Investments (Note 2):	
Pooled Investment Funds	<u>25,373,837</u>
Total Assets	<u>25,976,527</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Total Deferred Outflows of Resources	<u>-</u>
<b>LIABILITIES</b>	
Accounts Payable and Accrued Liabilities (Note 7)	<u>13,322</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Total Deferred Inflows of Resources	<u>-</u>
<b>NET POSITION</b>	
Restricted for:	
Pool Participants	<u><u>\$ 25,963,205</u></u>

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, 2025**

**Exhibit B-2**

	<b>External Investment Pool Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Pool Participants	\$ 822,448
Investment Activity:	
Investment Income	3,506,680
Investment Expenses	(64,833)
Net Investment Income	3,441,847
Total Additions	4,264,295
<b>DEDUCTIONS</b>	
Withdrawals and Distributions	892,850
Increase in Fiduciary Net Position	3,371,445
<b>NET POSITION</b>	
Net Position - July 1, 2024	22,591,760
Net Position - June 30, 2025	\$ 25,963,205

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, 2025**

**Exhibit C-1**

**ASSETS**

Cash and Cash Equivalents	\$ 30,798,620
Restricted Cash Equivalents	6,895,000
Prepaid Expenses and Other Assets	156,660
Rent Receivable, Net	15,628
Contributions Receivable, Net	36,170,333
Beneficial Interests in Lead Trusts	429,241
Beneficial Interests in Assets Held by Others	2,279,447
Investments	245,038,696
Cash Surrender Value of Life Insurance	1,045,982
Due from University	68,854,731
Land	6,277,500
Property, Plant and Equipment, Net of Depreciation	62,938,254
Property Held for Investment	<u>1,685,783</u>
 Total Assets	 <u><u>\$ 462,585,875</u></u>

**LIABILITIES**

Accounts Payable and Accrued Expenses	\$ 1,742,065
Liability Under Split-Interest Agreements	2,713,330
Funds Held for Others	78,018
Interest Rate Swap	1,099,510
Debt	<u>128,229,984</u>
 Total Liabilities	 <u>133,862,907</u>

**NET ASSETS**

Without Donor Restrictions	30,286,829
With Donor Restrictions	<u>298,436,139</u>
 Total Net Assets	 <u>328,722,968</u>
 Total Liabilities and Net Assets	 <u><u>\$ 462,585,875</u></u>

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, 2025**

**Exhibit C-2**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>			
Contributions of Cash and Other Financial Assets	\$ 203,002	\$ 47,681,270	\$ 47,884,272
Contributions of Nonfinancial Assets	-	1,749,612	1,749,612
Support from Affiliate	4,469,287	-	4,469,287
Rental Income	3,403,613	-	3,403,613
Investment Income	5,655,565	27,007,841	32,663,406
Other Revenue and Support	2,905,118	225,053	3,130,171
	<u>16,636,585</u>	<u>76,663,776</u>	<u>93,300,361</u>
Net Assets Released from Restrictions	18,685,769	(18,685,769)	-
	<u>35,322,354</u>	<u>57,978,007</u>	<u>93,300,361</u>
<b>EXPENSES</b>			
Program Services:			
Contributions to UNC Charlotte	18,446,492	-	18,446,492
Research and Other Programs	4,429,234	-	4,429,234
	<u>22,875,726</u>	<u>-</u>	<u>22,875,726</u>
Supporting Services:			
General and Administrative	5,798,799	-	5,798,799
Fundraising Support	3,717,469	-	3,717,469
	<u>9,516,268</u>	<u>-</u>	<u>9,516,268</u>
	<u>32,391,994</u>	<u>-</u>	<u>32,391,994</u>
Change in Net Assets Before Write-Offs and Transfers	2,930,360	57,978,007	60,908,367
Write-Off of Contributions Receivable	(5,499)	(4,094,510)	(4,100,009)
Transfers Between Net Asset Classes	(1,738,498)	1,738,498	-
	<u>1,186,363</u>	<u>55,621,995</u>	<u>56,808,358</u>
<b>NET ASSETS</b>			
Net Assets at Beginning of Year	29,100,466	242,814,144	271,914,610
Net Assets at End of Year	<u>\$ 30,286,829</u>	<u>\$ 298,436,139</u>	<u>\$ 328,722,968</u>

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](mailto: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, 2025, the Foundation distributed \$18,446,492 to the University for both restricted and unrestricted purposes. The University provided professional services to the Foundation of \$4,469,287 for the year ended June 30, 2025. 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, 2025, the Endowment has recorded \$68,854,731 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](mailto: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, 2025. 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:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
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, a note from direct borrowing, 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. The University amortizes bond premiums 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 2024 *Annual Comprehensive Financial Report*. This liability represents the University's portion of the collective total pension liability less the fiduciary net position of the Teachers' and State Employees' Retirement System. See Note 13 for further information regarding the University's policies for recognizing liabilities, expenses, deferred outflows of resources, and deferred inflows of resources related to pensions.

The net OPEB liability represents the University's proportionate share of the collective net OPEB liability reported in the State of North Carolina's 2024 *Annual Comprehensive Financial Report*. This liability represents the University's portion of the collective total OPEB liability less the fiduciary net position of the Retiree Health Benefit Fund. See Note 14 for further information regarding the University's policies for recognizing liabilities, expenses, deferred outflows of resources, and deferred inflows of resources related to OPEB.

- L. Compensated Absences** - The University accrues a liability for earned leave that carries over to future periods and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. When determining the liability, leave is considered taken on a last in, first out (LIFO) basis.

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

**Bonus Leave** – Bonus leave includes the special annual leave bonuses awarded by the North Carolina General Assembly. The bonus leave balance on December 31 is retained by employees and transferred to the next calendar year. It is not subject to the limitation on annual leave carried forward described above and is not subject to conversion to sick leave.

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

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

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

### **Proprietary Fund**

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

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

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

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

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

## Fiduciary Fund

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

- O. Scholarship Discounts** - Student tuition and fees revenues and auxiliary service revenues from University charges are reported net of scholarship discounts in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. The scholarship discount is the difference between the actual charge for goods and services provided by the University and the amount that is paid by students or by third parties on the students' behalf. Student financial assistance grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the University has recorded a scholarship discount. The allocation of the scholarship discounts to tuition and fees revenues and auxiliary service revenues was changed in fiscal year 2025 to follow updated guidance from the National Association of College and University Business Officers (NACUBO). The updated guidance recommended the allocation of scholarship discounts be based on an analysis of individual student account charges and financial aid payments from the student management information system versus the use of aggregated student financial aid and aggregated revenue amounts.
- P. Revenue and Expense Recognition** - The University classifies its revenues and expenses as operating or nonoperating in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the University's principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions, such as (1) student tuition and fees, (2) sales and services of auxiliary enterprises, (3) certain federal, state, and local grants and contracts that are essentially contracts for services, and (4) interest earned on loans. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.
- Nonoperating revenues include activities that have the characteristics of nonexchange transactions. Revenues from nonexchange transactions that represent subsidies or gifts to the University, as well as investment income, are considered nonoperating since these are either investing, capital, or noncapital financing activities. Capital contributions are presented separately after nonoperating revenues and expenses.
- Q. Internal Sales Activities** - Certain institutional auxiliary operations provide goods and services to University departments, as well as to its customers. These institutional auxiliary operations include activities such as 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, 2025, the amount shown on the Statement of Net Position as cash and cash equivalents includes \$466,125,912 for the proprietary fund and \$319,854 for the fiduciary fund, which represents the University’s equity position in the State Treasurer’s Short-Term Investment Fund (STIF). The STIF (a portfolio within the State Treasurer’s Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission or subject to any other regulatory oversight and does not have a credit rating) had a weighted average maturity of 2.1 years as of June 30, 2025. Assets and shares of the STIF are valued at fair value. Deposit and investment risks associated with the State Treasurer’s Investment Pool (which includes the State Treasurer’s STIF) are included in the North Carolina Department of State Treasurer Investment Programs’ separately issued audit report. This separately issued report can be obtained from the Department of State Treasurer, 3200 Atlantic Avenue, Raleigh, NC 27604 or can be accessed from the Department of State Treasurer’s website at <https://www.nctreasurer.com/> in the Audited Financial Statements section.

Cash on hand at June 30, 2025 was \$14,320. The carrying amount of the University’s deposits not with the State Treasurer was \$2,432,216, and the bank balance was \$4,377,935. Custodial credit risk is the risk that in the event of a bank failure, the University’s deposits may not be returned to it. The University does not have a deposit policy for custodial credit risk. As of June 30, 2025, 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	<u>\$ 3,520,730</u>
---	---------------------

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the deposit. At June 30, 2025, \$26,303 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, 2025, 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***

<b>Investment Type</b>	<u>Amount</u>
Other Securities	
UNC Investment Fund	\$ 125,539,093
Global Endowment Fund II, LP	<u>18,924,203</u>
<b>Total External Investment Pool</b>	<u>\$ 144,463,296</u>

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](mailto: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, 2025, for the University's non-pooled investments.

***Non-Pooled Investments***

Investment Type	Amount	Investment Maturities (in Years)	
		Less Than 1	1 to 5
Debt Securities			
U.S. Treasuries	\$ 92,444,076	\$ 47,182,163	\$ 45,261,913
Money Market Mutual Funds	11,185,803	11,185,803	-
<b>Total Debt Securities</b>	103,629,879	<u>\$ 58,367,966</u>	<u>\$ 45,261,913</u>
Other Securities			
Investments in Real Estate	103,935,440		
<b>Total Non-Pooled Investments</b>	<u>\$ 207,565,319</u>		

At June 30, 2025, the money market mutual funds with an amortized cost of \$11,185,803 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, 2025:

Investment Type	Amount
Debt Securities	
U.S. Treasuries	\$ 92,444,076
Money Market Mutual Funds	11,185,803
Other Securities	
UNC Investment Fund	125,539,093
Global Endowment Fund II, LP	18,924,203
Investments in Real Estate	103,935,440
<b>Total Investments</b>	<u>\$ 352,028,615</u>

**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	\$ 52,403
U.S. Treasuries & Bonds	14,936,764
Mutual Funds & Real Estate	1,204,465
UNCCIF External Investment Pool	228,845,064
<b>Total Investments</b>	<u>\$ 245,038,696</u>

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

	<b>Proprietary Fund</b>	<b>Fiduciary Fund</b>	<b>Total</b>
Cash on Hand	\$ 14,320	\$ -	\$ 14,320
Amount of Deposits with Private Financial Institutions	2,149,380	282,836	2,432,216
Deposits in the Short-Term Investment Fund	466,125,912	319,854	466,445,766
External Investment Pool	119,089,459	25,373,837	144,463,296
Non-Pooled Investments	207,565,319	-	207,565,319
<b>Total Deposits and Investments</b>	<b>\$ 794,944,390</b>	<b>\$ 25,976,527</b>	<b>\$ 820,920,917</b>
<b>Deposits</b>			
<b>Current:</b>			
Cash and Cash Equivalents	\$ 397,608,357	\$ -	\$ 397,608,357
Restricted Cash and Cash Equivalents	25,453,785	602,690	26,056,475
<b>Noncurrent:</b>			
Restricted Cash and Cash Equivalents	45,227,470	-	45,227,470
<b>Total Deposits</b>	<b>468,289,612</b>	<b>602,690</b>	<b>468,892,302</b>
<b>Investments</b>			
<b>Current:</b>			
Short-Term Investments	93,362,188	-	93,362,188
Restricted Short-Term Investments	675,000	-	675,000
<b>Noncurrent:</b>			
Endowment Investments	223,024,898	-	223,024,898
Restricted Investments	9,592,692	-	9,592,692
Pooled Investment Funds	-	25,373,837	25,373,837
<b>Total Investments</b>	<b>326,654,778</b>	<b>25,373,837</b>	<b>352,028,615</b>
<b>Total Deposits and Investments</b>	<b>\$ 794,944,390</b>	<b>\$ 25,976,527</b>	<b>\$ 820,920,917</b>

**Note 3 - Fair Value Measurements**

**University** - To the extent available, the University’s investments are recorded at fair value as of June 30, 2025. GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity’s assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

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

- Level 1 Investments whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date.
- Level 2 Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset, either directly or indirectly.
- Level 3 Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

The following table summarizes the University’s proprietary and fiduciary fund investments, including deposits in the Short-Term Investment Fund, within the fair value hierarchy at June 30, 2025:

	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
<b>Investments by Fair Value Level</b>				
Debt Securities				
U.S. Treasuries	\$ 92,444,076	\$ 92,444,076	\$ -	\$ -
Other Securities				
Investments in Real Estate	103,935,440	-	103,935,440	-
<b>Total Investments by Fair Value Level</b>	<b>196,379,516</b>	<b>\$ 92,444,076</b>	<b>\$ 103,935,440</b>	<b>\$ -</b>
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Global Endowment Fund II, LP	18,924,203			
<b>Investments as a Position in an External Investment Pool</b>				
Short-Term Investment Fund	466,445,766			
UNC Investment Fund	125,539,093			
<b>Total Investments as a Position in an External Investment Pool</b>	<b>591,984,859</b>			
<b>Total Investments Measured at Fair Value</b>	<b>\$ 807,288,578</b>			

**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 \$125,539,093. An additional \$194,256,901 is held by the discretely presented Foundation, for a total of \$319,795,994 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 \$92,444,076. 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 \$103,935,440. 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, 2025:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Global Endowment Fund II, LP	\$ 18,924,203	N/A	Quarterly	N/A

**Global Endowment Fund II, LP** - The NAV of the University's proprietary and fiduciary fund balance in the private equity limited partnership, Global Endowment Fund II, LP, is \$18,924,203. An additional \$29,282,962 is held by the discretely presented Foundation, for a total of \$48,207,165 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, real estate and other investments (including assets held under split-interest agreements):** Bonds, mutual funds, real estate 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, 2025:

	Assets at Fair Value As of June 30, 2025	
	Level 1	Total
Short-Term Investments	\$ 52,403	\$ 52,403
U.S. Treasuries & Bonds	14,936,764	14,936,764
Mutual Funds & Real Estate	1,204,465	1,204,465
	<u>\$ 16,193,632</u>	16,193,632
Pooled Investments <sup>(a)</sup>		<u>228,845,064</u>
		<u>\$ 245,038,696</u>

<sup>(a)</sup> 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, 2025:

Investment	Net Asset Value 2025	Redemption Frequency	Redemption Notice	Unfunded Commitments
UNCCIF External Investment Pool	<u>\$ 228,845,064</u>	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 \$103,935,440 and pooled funds (cash and investments) invested with UNCCIF of \$147,814,819 which includes \$25,963,205 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, 2025, accumulated income and net appreciation of \$66,204,810 was available to be spent, of which \$55,790,992 was classified as restricted expendable net position, as it is restricted for specific purposes. The remaining \$10,413,818 of net appreciation available to be spent is classified as unrestricted net position.

**Note 5 - Receivables**

Receivables for the proprietary fund at June 30, 2025, were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
<b>Current Receivables:</b>			
Students	\$ 6,703,134	\$ 1,343,517	\$ 5,359,617
Accounts	1,519,122	-	1,519,122
Intergovernmental	13,141,152	-	13,141,152
Interest on Loans	34,988	-	34,988
Federal Interest Subsidy on Debt	174,448	-	174,448
Other	181,519	-	181,519
<b>Total Current Receivables</b>	<b>\$ 21,754,363</b>	<b>\$ 1,343,517</b>	<b>\$ 20,410,846</b>
<b>Notes Receivable:</b>			
<b>Notes Receivable - Current:</b>			
Federal Loan Programs	\$ 131,515	\$ 17,563	\$ 113,952
Institutional Student Loan Programs	44,869	22,132	22,737
<b>Total Notes Receivable - Current</b>	<b>\$ 176,384</b>	<b>\$ 39,695</b>	<b>\$ 136,689</b>
<b>Notes Receivable - Noncurrent:</b>			
Federal Loan Programs	\$ 847,601	\$ 113,191	\$ 734,410
Institutional Student Loan Programs	778,999	413,593	365,406
<b>Total Notes Receivable - Noncurrent</b>	<b>\$ 1,626,600</b>	<b>\$ 526,784</b>	<b>\$ 1,099,816</b>

**Note 6 - Capital Assets**

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

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
<b>Capital Assets, Nondepreciable:</b>				
Land and Land Improvements	\$ 14,393,560	\$ -	\$ -	\$ 14,393,560
Art, Literature, and Artifacts	38,881,647	528,970	-	39,410,617
Construction in Progress	13,463,715	44,130,489	10,326,223	47,267,981
<b>Total Capital Assets, Nondepreciable</b>	<b>66,738,922</b>	<b>44,659,459</b>	<b>10,326,223</b>	<b>101,072,158</b>
<b>Capital Assets, Depreciable:</b>				
Buildings	1,482,930,984	8,160,317	35,670	1,491,055,631
Machinery and Equipment	182,394,748	16,373,159	11,213,134	187,554,773
General Infrastructure	285,411,726	2,284,425	-	287,696,151
Computer Software	12,862,552	125,527	618,500	12,369,579
Right-to-Use Leased Buildings	6,541,289	4,027,667	-	10,568,956
Right-to-Use Leased Machinery and Equipment	1,784,891	-	-	1,784,891
Right-to-Use Subscription Assets	25,191,673	17,810,884	9,240,835	33,761,722
<b>Total Capital Assets, Depreciable</b>	<b>1,997,117,863</b>	<b>48,781,979</b>	<b>21,108,139</b>	<b>2,024,791,703</b>
<b>Less Accumulated Depreciation/Amortization for:</b>				
Buildings	330,382,373	25,034,771	11,131	355,406,013
Machinery and Equipment	86,213,727	12,028,374	9,439,907	88,802,194
General Infrastructure	78,198,015	5,208,707	-	83,406,722
Computer Software	5,616,012	612,203	-	6,228,215
Right-to-Use Leased Buildings	1,990,357	1,098,505	-	3,088,862
Right-to-Use Leased Machinery and Equipment	1,311,348	437,116	-	1,748,464
Right-to-Use Subscription Assets	7,511,668	7,381,839	5,944,041	8,949,466
<b>Total Accumulated Depreciation/Amortization</b>	<b>511,223,500</b>	<b>51,801,515</b>	<b>15,395,079</b>	<b>547,629,936</b>
<b>Total Capital Assets, Depreciable, Net</b>	<b>1,485,894,363</b>	<b>(3,019,536)</b>	<b>5,713,060</b>	<b>1,477,161,767</b>
<b>Capital Assets, Net</b>	<b>\$ 1,552,633,285</b>	<b>\$ 41,639,923</b>	<b>\$ 16,039,283</b>	<b>\$ 1,578,233,925</b>

As of June 30, 2025, the total amount of right-to-use leased and subscription assets was \$12,353,847 and \$33,761,722, and the related accumulated amortization was \$4,837,326 and \$8,949,466, respectively.

**Note 7 - Accounts Payable and Accrued Liabilities**

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

	Proprietary Fund	Fiduciary Fund
<b>Current Accounts Payable and Accrued Liabilities</b>		
Accounts Payable	\$ 12,268,262	\$ 13,322
Accounts Payable - Capital Assets	5,059,459	-
Accrued Payroll	1,342,955	-
Contract Retainage	2,036,077	-
Other	28,451	-
<b>Total Current Accounts Payable and Accrued Liabilities</b>	<b>\$ 20,735,204</b>	<b>\$ 13,322</b>
<b>Noncurrent Accounts Payable and Accrued Liabilities</b>		
Contract Retainage	\$ 212,272	\$ -

**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, 2025, is presented as follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Current Portion
<b>Long-Term Debt</b>					
Revenue Bonds Payable	\$ 487,715,000	\$ -	\$ 21,870,000	\$ 465,845,000	\$ 21,135,000
Plus: Unamortized Premium	28,183,249	-	1,685,070	26,498,179	-
<b>Total Revenue Bonds Payable, Net</b>	<b>515,898,249</b>	<b>-</b>	<b>23,555,070</b>	<b>492,343,179</b>	<b>21,135,000</b>
Note from Direct Borrowing	3,106,198	-	729,392	2,376,806	620,719
<b>Total Long-Term Debt</b>	<b>519,004,447</b>	<b>-</b>	<b>24,284,462</b>	<b>494,719,985</b>	<b>21,755,719</b>
<b>Other Long-Term Liabilities</b>					
Lease Liabilities	5,244,424	4,027,667	1,294,866	7,977,225	846,420
Subscription (SBITA) Liabilities	12,335,948	15,303,584	14,839,750	12,799,782	3,441,662
<b>Employee Benefits</b>					
Compensated Absences	22,952,760	-	133,707	22,819,053	980,395
Net Pension Liability	123,601,080	-	8,447,340	115,153,740	-
Net Other Postemployment Benefits Liability	401,128,809	119,508,221	-	520,637,030	-
Workers' Compensation	1,889,489	386,133	906,439	1,369,183	733,671
<b>Total Other Long-Term Liabilities</b>	<b>567,152,510</b>	<b>139,225,605</b>	<b>25,622,102</b>	<b>680,756,013</b>	<b>6,002,148</b>
<b>Total Long-Term Liabilities, Net</b>	<b>\$ 1,086,156,957</b>	<b>\$ 139,225,605</b>	<b>\$ 49,906,564</b>	<b>\$ 1,175,475,998</b>	<b>\$ 27,757,867</b>
<b>Other Long-Term Debt</b>					
<b>Due to University Component Unit</b>	<b>\$ 69,529,731</b>	<b>\$ -</b>	<b>\$ 675,000</b>	<b>\$ 68,854,731</b>	<b>\$ 675,000</b>

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, 2025
<b>Revenue Bonds Payable</b>					
Football Stadium BABs	2010	6.22%-6.52% *	04/01/2040	\$ 40,895,000	\$ 26,180,000
Health & Wellness Center	2017	4.00%-5.00%	10/01/2047	43,990,000	38,545,000
Scott Hall Renovation	2017	4.00%-5.00%	10/01/2047	15,585,000	13,860,000
Elm, Maple, Pine Renovation	2017	4.00%-5.00%	10/01/2047	16,805,000	14,725,000
2017 Refi Multiple Projects (Tax-Exempt)	2017-A	4.00%-5.00%	10/01/2040	77,865,000	66,590,000
2017 Refi Multiple Projects (Taxable)	2017-B	3.04%-3.63%	10/01/2040	26,140,000	9,610,000
Phase 16 & 2020 Refi Multiple Projects (Tax-Exempt)	2020-A	3.00%-5.00%	10/01/2049	71,425,000	59,435,000
2020 Refi Multiple Projects (Taxable)	2020-B	2.25%-3.40%	04/01/2041	23,275,000	18,670,000
2021 Refi 2013B	2021	1.23%-3.18%	04/01/2043	28,945,000	26,110,000
2021 Refi 2014 Bonds	2021	1.23%-3.18%	04/01/2044	54,405,000	50,415,000
2021 Refi 2015 LOBs	2021	1.23%-3.18%	04/01/2035	11,900,000	8,745,000
2021 B Refi 2013A & 2015	2021-B	1.45%-2.80%	04/01/2045	141,210,000	132,960,000
<b>Total Revenue Bonds Payable (principal only)</b>				<b>\$ 552,440,000</b>	<b>465,845,000</b>
Plus: Unamortized Premium					26,498,179
<b>Total Revenue Bonds Payable, Net</b>					<b>\$ 492,343,179</b>

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

Purpose	Financial Institution	Interest Rate	Final Maturity Date	Original Amount of Issue	Principal Outstanding June 30, 2025
UNC Charlotte Energy Savings Project	Huntington National Bank Equipment Finance	4.41%	01/23/2029	\$ 8,443,099	\$ 2,376,806

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

Fiscal Year	Annual Requirements					
	Revenue Bonds Payable		Note from Direct Borrowing		Due to University Component Unit	
	Principal	Interest	Principal	Interest	Principal	Interest
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	67,050	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	23,100,000	13,756,113	-	-	1,780,000	2,451,925
2031-2035	127,965,000	55,775,540	-	-	10,300,000	11,394,650
2036-2040	130,320,000	31,892,861	-	-	10,998,731	10,676,369
2041-2045	75,470,000	11,520,974	-	-	10,260,000	11,365,000
2046-2050	21,615,000	1,874,025	-	-	12,495,000	9,096,900
2051-2055	-	-	-	-	15,200,000	6,335,800
2056-2057	-	-	-	-	3,341,000	1,560,300
<b>Total Requirements</b>	<b>\$ 465,845,000</b>	<b>\$ 176,952,665</b>	<b>\$ 2,376,806</b>	<b>\$ 211,459</b>	<b>\$ 68,854,731</b>	<b>\$ 63,069,394</b>

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 \$465,845,000 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 \$132,960,000 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.

**Note from Direct Borrowing** - 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 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.

**F. 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 initially 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 which 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, 2025, \$68,854,731 was due to the Foundation related to this Agreement, of which \$675,000 is current and \$68,179,731 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% (5.6% as of June 30, 2025). There were no borrowings outstanding on the line of credit as of June 30, 2025. There was no interest expense during 2025.

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 2025, interest incurred totaled \$2,521,429 and includes amortization of premium on the tax-exempt bonds and finance costs incurred related to the issuance of the bonds.

In December 2024, the Foundation acquired a 720 bed, 180-unit student housing facility named The Edge apartments. As part of the acquisition, the Foundation formed a North Carolina non-profit limited liability company named The Edge at UNC Charlotte, LLC (LLC) with the Foundation as its sole member. The acquisition was partially financed with a \$64,500,000 loan (Loan) guaranteed by the Foundation. The loan carries a variable rate of interest equal to the Daily Simple Secured Overnight Financing Rate (SOFR) plus 1.00%. The maturity date of the loan is December 20, 2027. The LLC entered into an interest rate swap agreement (Swap) in December 2024 with Fifth Third Bank to manage exposure to the variable interest rate associated with the Loan. The swap has a notional amount of \$64,500,000 and matures on December 20, 2027. Under the terms of the swap, the LLC pays a fixed rate of 4.11250% and receives a variable rate indexed as a monthly average of daily SOFR. The swap is not designated as a hedging instrument under ASC 815. As of June 30, 2025, the fair value of the swap was a liability of \$1,099,510, including accrued interest of \$5,793. The change in fair value for the year-to-date period is reported in the Foundation's statement of activities under net assets without donor restrictions. Interest paid on the loan (net of swap interest received) totaled \$1,886,620 as of June 30, 2025.

---

#### 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, 2025, the University recognized nonoperating revenues related to lessor arrangements totaling \$247,075, and nonoperating lease interest income totaling \$29,477.

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

Classification:	Number of Lease Contracts	Lease Receivable June 30, 2025	Current Portion	Lease Terms	Interest Rate/ Ranges
Lessor:					
Land	4	\$ 421,306	\$ 87,253	07/1/2021 - 05/14/2035	2.64% - 2.71%
Machinery and Equipment	2	593,476	93,068	07/1/2021 - 05/14/2035	2.71%
<b>Total</b>	<b>6</b>	<b>\$ 1,014,782</b>	<b>\$ 180,321</b>		

**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.

## Notes to the Financial Statements

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

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

Classification:	Number of Lease Contracts	Lease Liabilities June 30, 2025	Current Portion	Lease Terms	Interest Rate/Ranges
Lessee:					
Right-to-Use Leased Buildings	7	\$ 7,938,792	\$ 807,987	07/1/2021 - 08/31/2034	2.40% - 3.05%
Right-to-Use Leased Machinery and Equipment	1	38,433	38,433	07/1/2021 - 07/31/2025	2.71%
<b>Total</b>	<b>8</b>	<b>\$ 7,977,225</b>	<b>\$ 846,420</b>		

- 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, 2025	SBITA Terms	Interest Rate
Subscription-Based Information Technology Arrangements (SBITAs)	3	\$ 2,212,714	07/1/2025 - 07/31/2028	2.72%

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

SBITA	Number of SBITAs	Subscription (SBITA) Liabilities June 30, 2025	Current Portion	SBITA Terms	Interest Rate Ranges
Right-to-Use Subscription Assets	42	\$ 12,799,782	\$ 3,441,662	07/1/2022 - 03/8/2032	2.18% - 3.11%

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

Fiscal Year	Annual Requirements			
	Lease Liabilities		SBITA Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 846,420	\$ 219,505	\$ 3,441,662	\$ 300,445
2027	1,051,366	193,062	3,664,001	257,868
2028	1,155,033	161,845	2,178,877	157,528
2029	1,240,709	128,119	1,913,520	97,337
2030	1,095,566	93,348	998,593	43,666
2031-2035	2,588,131	159,866	603,129	16,375
<b>Total Requirements</b>	<b>\$ 7,977,225</b>	<b>\$ 955,745</b>	<b>\$ 12,799,782</b>	<b>\$ 873,219</b>

**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:

	<u>Amount</u>
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	\$ (56,192,184)
Net OPEB Liability (Retiree Health Benefit Fund) and Related Deferred Outflows of Resources and Deferred Inflows of Resources	<u>(432,417,935)</u>
Effect on Unrestricted Net Position	(488,610,119)
Total Unrestricted Net Position Before Recognition of Deferred Outflows of Resources, Deferred Inflows of Resources, and Related Long-Term Liabilities	<u>515,770,389</u>
<b>Total Unrestricted Net Position</b>	<b><u>\$ 27,160,270</u></b>

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:

	<u>Gross Revenues</u>	<u>Less Scholarship Discounts and Allowances</u>	<u>Less Allowance for Uncollectibles</u>	<u>Net Revenues</u>
<b>Operating Revenues:</b>				
<b>Student Tuition and Fees, Net</b>	<u>\$ 313,560,548</u>	<u>\$ 97,912,607</u>	<u>\$ 1,315,807</u>	<u>\$ 214,332,134</u>
<b>Sales and Services:</b>				
Sales and Services of Auxiliary Enterprises:				
Residential Life	\$ 59,471,862	\$ 9,480,672	\$ 100,805	\$ 49,890,385
Dining	41,573,833	1,742,426	63,050	39,768,357
Student Union Services	3,098,614	-	-	3,098,614
Health Services	1,873,356	-	1,501	1,871,855
Parking	11,201,233	-	13,706	11,187,527
Athletics	11,910,947	-	-	11,910,947
Facilities	543,868	-	-	543,868
Other	3,022,695	-	-	3,022,695
Sales and Services of Education and Related Activities	<u>2,214,610</u>	<u>-</u>	<u>-</u>	<u>2,214,610</u>
<b>Total Sales and Services, Net</b>	<b><u>\$ 134,911,018</u></b>	<b><u>\$ 11,223,098</u></b>	<b><u>\$ 179,062</u></b>	<b><u>\$ 123,508,858</u></b>

**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	\$ 285,587,655	\$ 31,385,470	\$ -	\$ -	\$ -	\$ 316,973,125
Research	21,513,270	10,517,692	-	-	-	32,030,962
Public Service	2,421,509	1,002,072	-	208,643	-	3,632,224
Academic Support	61,525,503	22,438,775	-	116,557	-	84,080,835
Student Services	21,482,726	7,584,623	-	5,511	-	29,072,860
Institutional Support	42,920,342	12,454,037	-	10,310	-	55,384,689
Operations and Maintenance of Plant	33,452,706	37,809,884	-	10,309,441	-	81,572,031
Student Financial Aid	-	-	27,759,381	-	-	27,759,381
Auxiliary Enterprises	62,989,594	91,937,075	-	5,971,213	-	160,897,882
Depreciation/Amortization	-	-	-	-	51,801,515	51,801,515
<b>Total Operating Expenses</b>	<b>\$ 531,893,305</b>	<b>\$ 215,129,628</b>	<b>\$ 27,759,381</b>	<b>\$ 16,621,675</b>	<b>\$ 51,801,515</b>	<b>\$ 843,205,504</b>

**Note 13 - Retirement Plans**

**A. Defined Benefit Plan**

*Plan Administration:* The State of North Carolina administers the Teachers' and State Employees' Retirement System (TSERS) plan. This plan is a cost-sharing, multiple-employer, defined benefit pension plan established by the State to provide pension benefits for general employees and law enforcement officers (LEOs) of the State, general employees and LEOs of its component units, and employees of Local Education Agencies (LEAs) and charter schools not in the reporting entity. Membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, LEAs, and certain proprietary component units along with charter schools that elect to join the Retirement System. Effective January 1, 2024, new employees hired by UNC Health Care or by certain components of East Carolina University, who were not actively contributing to TSERS immediately before they were hired by those entities, are not eligible to join TSERS. Benefit provisions are established by General Statute 135-5 and may be amended only by the North Carolina General Assembly.

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

*Contributions:* Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute 6% of their annual pay. The contribution rate for employers is set each year by the North Carolina General Assembly in the Appropriations Act and may not be less than the contribution rate required of plan members. The TSERS Board of Trustees establishes a funding policy from which an accrued liability rate and a normal contribution rate are developed by the consulting actuary. The sum of those two rates developed under the funding policy is the actuarially determined contribution rate (ADC). The TSERS Board of Trustees may further adopt a contribution rate policy that is higher than the ADC known as the required employer contribution to be recommended to the North Carolina General Assembly. The University's contractually-required contribution rate for the year ended June 30, 2025 was 16.79% of covered payroll. Plan members' contributions to the pension plan were \$9,141,589, and the University's contributions were \$25,581,213 for the year ended June 30, 2025.

The TSERS plan's financial information, including all information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2024 *Annual Comprehensive Financial Report*. An electronic version of this report is available on the North Carolina Office of the State Controller's website at <https://www.ncosc.gov/> or by calling the State Controller's Financial Reporting Section at 919-707-0500.

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

*Methods Used to Value TSERS Investment:* Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the retirement systems. The State Treasurer maintains various investment portfolios in its External Investment Pool. TSERS and other pension plans of the State of North Carolina participate in the Long-Term Investment, Fixed Income Investment, Equity Investment, Real Estate Investment, Alternative Investment, Opportunistic Fixed Income Investment, and Inflation Sensitive Investment portfolios. The Fixed Income Asset Class includes the Long-Term Investment and Fixed Income Investment portfolios. The Global Equity Asset Class includes the Equity Investment portfolio. The investment balance of each pension trust fund represents its share of the fair value of the net position of the various portfolios within the External Investment Pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2024 *Annual Comprehensive Financial Report*.

*Net Pension Liability:* At June 30, 2025, the University reported a liability of \$115,153,740 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension

liability was determined by an actuarial valuation as of December 31, 2023, and update procedures were used to roll forward the total pension liability to June 30, 2024. The University’s proportion of the net pension liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2024, the University’s proportion was 0.77719%, which was an increase of 0.03582 from its proportion measured as of June 30, 2023, which was 0.74137%.

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

Valuation Date	12/31/2023
Inflation	2.5%
Salary Increases*	3.25% - 8.05%
Investment Rate of Return**	6.5%

\* Salary increases include 3.25% inflation and productivity factor.

\*\* Investment rate of return includes inflation assumption and is net of pension plan investment expense.

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

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019.

Future ad hoc cost-of-living adjustment amounts are not considered to be substantively automatic and are therefore not included in the measurement. The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies’ return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2024 (the measurement date) are summarized in the following table:

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

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

*Discount Rate:* The discount rate used to measure the total pension liability was 6.5% for the December 31, 2023 valuation. The discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate:* The following presents the net pension liability of the plan at June 30, 2024 calculated using the discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

<u>Net Pension Liability</u>		
<u>1% Decrease (5.5%)</u>	<u>Current Discount Rate (6.5%)</u>	<u>1% Increase (7.5%)</u>
\$ 211,236,768	\$ 115,153,740	\$ 35,919,204

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* For the year ended June 30, 2025, the University recognized pension expense of \$33,647,008. At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to TSERS from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Actual and Expected Experience	\$ 10,377,352	\$ 340,409
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	18,988,306	-
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	5,245,303	890,209
Contributions Subsequent to the Measurement Date	<u>25,581,213</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 60,192,174</u></b>	<b><u>\$ 1,230,618</u></b>

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TSERS will be recognized as pension expense as follows:

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

Year Ending June 30:	Amount
2026	\$ 10,422,056
2027	25,481,923
2028	(491,075)
2029	<u>(2,032,561)</u>
<b>Total</b>	<b><u>\$ 33,380,343</u></b>

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

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

Participants contribute 6% of compensation and the University contributes 6.84%. For the year ended June 30, 2025, the University had a total payroll of \$406,043,374, of which \$189,128,592 was covered under ORP. Total employee and employer contributions for pension benefits for the year were \$11,347,716 and \$12,936,396, 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 \$902,718.

---

**Note 14 - Other Postemployment Benefits**


---

The University participates in two postemployment benefit plans, the Retiree Health Benefit Fund and the Disability Income Plan of North Carolina, that are administered by the State of North Carolina as pension and other employee benefit trust funds. Each plan's financial information, including all information about the plans' assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2024 *Annual Comprehensive Financial Report*. An electronic version of this report is available on the North Carolina Office of the State Controller's website at <https://www.ncosc.gov/> or by calling the State Controller's Financial Reporting Section at 919-707-0500.

**A. Summary of Significant Accounting Policies and Plan Asset Matters**

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

*Methods Used to Value Plan Investments:* Pursuant to North Carolina General Statutes, the State Treasurer is the custodian and administrator of the other postemployment benefit funds. The State Treasurer maintains various investment portfolios in its External Investment Pool. The Retiree Health Benefit Fund participates in the External Investment Pool. The Disability Income Plan is invested in the Short-Term Investment Portfolio of the External Investment Pool and the Bond Index External Investment Pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2024 *Annual Comprehensive Financial Report*.

**B. Plan Descriptions**
**1. Health Benefits**

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

The Retiree Health Benefit Fund (RHBF) has been established by Chapter 135-7, Article 1 of the General Statutes as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former

employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments that are not part of the State's financial reporting entity also participate.

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

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

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

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

benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

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

*Contributions:* Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the North Carolina General Assembly in the Appropriations Act. The University's contractually-required contribution rate for the year ended June 30, 2025 was 6.99% of covered payroll. The University's contributions to the RHBF were \$23,870,040 for the year ended June 30, 2025.

In fiscal year 2023, the Plan transferred \$35 million to RHBF as a result of cost savings to the Plan over a span of six years. For financial reporting purposes, the transfer was recognized as a nonemployer contributing entity contribution. The contribution was allocated among the RHBF employers and recorded as noncapital contributions. For the fiscal year ended June 30, 2025, the University recognized noncapital contributions for RHBF of \$158,399.

## 2. Disability Income

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

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

completing five years of membership service; (2) reaching the age of 60 and completing 25 years of creditable service; or (3) completing 30 years of creditable service, at any age.

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

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

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

*Contributions:* Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Act by the North Carolina General Assembly and coincide with the State's fiscal year. The University's contractually-required contribution rate for the year ended June 30, 2025 was 0.13% of covered payroll. The University's contributions to DIPNC were \$443,935 for the year ended June 30, 2025.

### C. Net OPEB Liability (Asset)

*Retiree Health Benefit Fund:* At June 30, 2025, the University reported a liability of \$520,637,030 for its proportionate share of the collective net OPEB liability for RHBF. The net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023, and update procedures were used to roll forward the total OPEB liability to June 30, 2024. The University's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2024, the University's

proportion was 1.53072%, which was an increase of 0.02695 from its proportion measured as of June 30, 2023, which was 1.50377%.

*Disability Income Plan of North Carolina:* At June 30, 2025, the University reported an asset of \$535,650 for its proportionate share of the collective net OPEB asset for DIPNC. The net OPEB asset was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2023, and update procedures were used to roll forward the total OPEB liability to June 30, 2024. The University's proportion of the net OPEB asset was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2024, the University's proportion was 1.62683%, which was an increase of 0.06975 from its proportion measured as of June 30, 2023, which was 1.55708%.

*Actuarial Assumptions:* The total OPEB liabilities for RHBF and DIPNC were determined by actuarial valuations as of December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liabilities were then rolled forward to June 30, 2024 utilizing update procedures incorporating the actuarial assumptions.

	Retiree Health Benefit Fund	Disability Income Plan of N.C.
Valuation Date	12/31/2023	12/31/2023
Inflation	2.5%	2.5%
Salary Increases*	3.25% - 8.05%	3.25% - 8.05%
Investment Rate of Return**	6.5%	3.0%
Healthcare Cost Trend Rate - Medical***	6.5% grading down to 5% by 2030	N/A
Healthcare Cost Trend Rate - Prescription Drug***	10% grading down to 5% by 2033	N/A
Healthcare Cost Trend Rate - Prescription Drug Rebates***	7% through 2030 grading down to 5% by 2033	N/A
Healthcare Cost Trend Rate - Medicare Advantage***	Premium adjustments for IRA impact through 2027, 6.17% in 2028 down to 5% by 2034	N/A
Healthcare Cost Trend Rate - Administrative***	3.0%	N/A

\* Salary increases include 3.25% inflation and productivity factor.

\*\* Investment rate of return is net of OPEB plan investment expense, including inflation.

\*\*\* Disability Income Plan of NC eliminated employer reimbursements from the Plan (which included State Health Plan premiums) effective July 1, 2019.

N/A - Not Applicable

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2024.

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

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

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

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

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

Projections of benefits for financial reporting purposes of the plans are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing

of benefit costs between the employer and plan members to that point. The RHBF is funded solely by employer contributions and benefits are dependent on membership requirements.

The actuarial methods and assumptions used for DIPNC include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions used in the December 31, 2023 valuations were generally based on the results of an actuarial experience study prepared as of December 31, 2019, as amended for updates to certain assumptions (such as medical claims and medical trend rate assumptions) implemented based on annual reviews that have occurred since that experience study.

*Discount Rate:* The discount rate used to measure the total OPEB liability for RHBF was 3.93% at June 30, 2024 compared to 3.65% at June 30, 2023. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments to current plan members. As a result, a municipal bond rate of 3.93% was used as the discount rate used to measure the total OPEB liability. The 3.93% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2024.

The discount rate used to measure the total OPEB liability for DIPNC was 3.00% at June 30, 2024 and at June 30, 2023. The projection of cash flow used to determine the discount rate assumed that contributions from plan members would be made at the current contribution rate and that contributions from employers would be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to the current plan members.

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

<b>Net OPEB Liability (Asset)</b>			
	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
RHBF	\$ 619,423,895	\$ 520,637,030	\$ 441,320,674
	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
DIPNC	\$ (477,621)	\$ (535,650)	\$ (596,640)

## Notes to the Financial Statements

*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:

		<b>Net OPEB Liability</b>				
		1% Decrease (Medical - 4% - 5.5%, Pharmacy - 4% - 9%, Pharmacy Rebate - 4% - 6%, Med. Advantage - 4% - 5.17%, Administrative - 2%)	Current Healthcare Cost Trend Rates (Medical - 5% - 6.5%, Pharmacy - 5% - 10%, Pharmacy Rebate - 5% - 7%, Med. Advantage - 5% - 6.17%, Administrative - 3%)	1% Increase (Medical - 6% - 7.5%, Pharmacy - 6% - 11%, Pharmacy Rebate - 6% - 8%, Med. Advantage - 6% - 7.17%, Administrative - 4%)		
RHBF	\$	429,748,890	\$	520,637,030	\$	638,320,572

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

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

<b>OPEB Plan</b>	<b>Amount</b>
RHBF	\$ 18,729,462
DIPNC	263,064
<b>Total OPEB Expense</b>	<b>\$ 18,992,526</b>

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:* At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	\$ 4,243,496	\$ 215,945	\$ 4,459,441
Changes of Assumptions	125,390,656	7,988	125,398,644
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	2,231,015	420,519	2,651,534
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	7,720,613	39,371	7,759,984
Contributions Subsequent to the Measurement Date	23,870,040	443,935	24,313,975
<b>Total</b>	<b>\$ 163,455,820</b>	<b>\$ 1,127,758</b>	<b>\$ 164,583,578</b>

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

	<u>RHBF</u>	<u>DIPNC</u>	<u>Total</u>
Differences Between Actual and Expected Experience	\$ -	\$ 616,113	\$ 616,113
Changes of Assumptions	67,880,439	249,556	68,129,995
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	<u>7,356,286</u>	<u>64,160</u>	<u>7,420,446</u>
<b>Total</b>	<b><u>\$ 75,236,725</u></b>	<b><u>\$ 929,829</u></b>	<b><u>\$ 76,166,554</u></b>

Amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability related to RHBF and an increase of the net OPEB asset related to DIPNC in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

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

<u>Year Ending June 30:</u>	<u>RHBF</u>	<u>DIPNC</u>
2026	\$ (4,361,585)	\$ (230,321)
2027	9,315,535	(155,545)
2028	33,150,365	69,695
2029	26,244,739	40,370
2030	1	29,797
Thereafter	<u>-</u>	<u>(2)</u>
<b>Total</b>	<b><u>\$ 64,349,055</u></b>	<b><u>\$ (246,006)</u></b>

---

## 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 are provided to eligible workers who enroll in the Teachers' and State Employees' Retirement System. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was 0.13% for the current fiscal year.

### **3. Disability Income Plan**

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

## **B. Other Risk Management and Insurance Activities**

### **1. Automobile, Fire, and Other Property Losses**

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

The University is required by UNC Policy 1300.12 – Policy on Insurance Coverage to maintain all risk coverage on all state-owned buildings and contents through the State Property Fire Insurance Fund (Fund), an internal service fund of the State. 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.

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

The risk of tort claims of up to \$1,000,000 per claimant is retained under the authority of the State Tort Claims Act. In addition, the State provides excess public officers' and employees' liability insurance up to \$2,000,000 per claim and \$5,000,000 in the aggregate

per fiscal year via contract with private insurance companies. The University pays the premium, based on a composite rate, directly to the private insurer.

### 3. Employee Dishonesty and Computer Fraud

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

### 4. Statewide Workers' Compensation Program

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

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

### 5. Other Insurance Held by the University

The University purchased other authorized coverage from private insurance companies through the North Carolina Department of Insurance, 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 \$45,239,176 at June 30, 2025.
- B. Pending Litigation and Claims** - The University is a party to litigation and claims in the ordinary course of its operations. Since it is not possible to predict the ultimate outcome of these matters, no provision for any liability has been made in the financial statements. University management is of the opinion that the liability, if any, for any of these matters will not have a material adverse effect on the financial position of the University.

**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 support from the organization to the University. This support approximated \$7,833,309 for the year ended June 30, 2025. The University contributed services valued at \$1,279,793 for Athletic Foundation financial and administrative support for the year ended June 30, 2025.

**Note 18 - Blended Component Unit**

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

**Condensed Statement of Net Position**

**Proprietary Fund**

**June 30, 2025**

	University	UNCCIF*	Eliminations	Total
<b>ASSETS</b>				
Current Assets	\$ 552,567,018	\$ 8,732,676	\$ (8,732,676)	\$ 552,567,018
Capital Assets, Net	1,578,233,925	-	-	1,578,233,925
Other Noncurrent Assets	280,314,987	368,003,159	(368,003,159)	280,314,987
Total Assets	2,411,115,930	376,735,835	(376,735,835)	2,411,115,930
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	236,586,412	-	-	236,586,412
<b>LIABILITIES</b>				
Current Liabilities	68,043,045	193,235	(193,235)	68,043,045
Long-Term Liabilities, Net	1,215,897,862	-	-	1,215,897,862
Other Noncurrent Liabilities	11,166,216	-	-	11,166,216
Total Liabilities	1,295,107,123	193,235	(193,235)	1,295,107,123
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	78,351,758	-	-	78,351,758
<b>NET POSITION</b>				
Net Investment in Capital Assets	1,069,597,051	-	-	1,069,597,051
Restricted - Nonexpendable	56,286,523	376,542,600	(376,542,600)	56,286,523
Restricted - Expendable	121,199,617	-	-	121,199,617
Unrestricted	27,160,270	-	-	27,160,270
Total Net Position	\$ 1,274,243,461	\$ 376,542,600	\$ (376,542,600)	\$ 1,274,243,461

\*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, 2025**

	University	UNCCIF*	Eliminations	Total
<b>OPERATING REVENUES</b>				
Student Tuition and Fees, Net	\$ 214,332,134	\$ -	\$ -	\$ 214,332,134
Grants & Contracts	56,917,782	-	-	56,917,782
Sales and Services, Net	123,508,858	-	-	123,508,858
Other Operating Revenues	7,694,461	-	-	7,694,461
Total Operating Revenues	<u>402,453,235</u>	<u>-</u>	<u>-</u>	<u>402,453,235</u>
<b>OPERATING EXPENSES</b>				
Operating Expenses	791,403,989	-	-	791,403,989
Depreciation/Amortization	51,801,515	-	-	51,801,515
Total Operating Expenses	<u>843,205,504</u>	<u>-</u>	<u>-</u>	<u>843,205,504</u>
Operating Loss	<u>(440,752,269)</u>	<u>-</u>	<u>-</u>	<u>(440,752,269)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State Appropriations	336,614,704	-	-	336,614,704
Contributions and Aid	125,689,229	-	-	125,689,229
Investment Income (Net of Investment Expense)	48,994,028	32,055,334	(32,055,334)	48,994,028
Interest and Fees on Debt (Net of Subsidy)	(16,234,454)	-	-	(16,234,454)
Allocation to Owners	-	(32,055,334)	32,055,334	-
Other	(1,377,668)	-	-	(1,377,668)
Net Nonoperating Revenues	<u>493,685,839</u>	<u>-</u>	<u>-</u>	<u>493,685,839</u>
Capital Contributions	29,985,234	-	-	29,985,234
Additions to Endowments	2,209,977	-	-	2,209,977
Total Other Revenues	<u>32,195,211</u>	<u>-</u>	<u>-</u>	<u>32,195,211</u>
Increase in Net Position	85,128,781	-	-	85,128,781
<b>NET POSITION</b>				
Net Position, July 1, 2024	<u>1,189,114,680</u>	<u>-</u>	<u>-</u>	<u>1,189,114,680</u>
Net Position, June 30, 2025	<u>\$ 1,274,243,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,274,243,461</u>

\*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, 2025, the University implemented the following pronouncements issued by the Governmental Accounting Standards Board (GASB):

*GASB Statement No. 101, Compensated Absences*

*GASB Statement No. 102, Certain Risk Disclosures*

GASB Statement No. 101 updates the recognition, measurement, and disclosure requirements for compensated absences. This Statement supersedes GASB Statement No. 16, *Accounting for*

*Compensated Absences*, which was issued in 1992, and aims to better meet the information needs of financial statement users by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. Lastly, the model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The University implemented the standard; however, no restatement was required due to the immaterial nature of the associated amounts.

GASB Statement No. 102 improves financial reporting by providing users of financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. For the fiscal year ended June 30, 2025, the University did not have any events that required disclosure in relation to this pronouncement.



# 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**

<b>Teachers' and State Employees' Retirement System</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Proportionate Share Percentage of Collective Net Pension Liability	0.77719%	0.74137%	0.70108%	0.74720%	0.74530%
Proportionate Share of TSERS Collective Net Pension Liability	\$ 115,153,740	\$ 123,601,080	\$ 104,055,962	\$ 34,988,395	\$ 90,047,124
Covered Payroll	\$ 143,537,648	\$ 134,443,872	\$ 119,846,893	\$ 121,341,364	\$ 123,102,780
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	80.23%	91.94%	86.82%	28.83%	73.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.35%	82.97%	84.14%	94.86%	85.98%
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Proportionate Share Percentage of Collective Net Pension Liability	0.73612%	0.71481%	0.70204%	0.66102%	0.67044%
Proportionate Share of TSERS Collective Net Pension Liability	\$ 76,313,244	\$ 71,167,120	\$ 55,702,950	\$ 60,757,566	\$ 24,707,041
Covered Payroll	\$ 120,175,366	\$ 114,333,290	\$ 109,431,980	\$ 101,985,427	\$ 98,002,228
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	63.50%	62.25%	50.90%	59.57%	25.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.56%	87.61%	89.51%	87.32%	94.64%

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

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

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

**Exhibit D-2**

<b>Teachers' and State Employees' Retirement System</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Contractually Required Contribution	\$ 25,581,213	\$ 25,320,041	\$ 23,366,345	\$ 19,630,921	\$ 17,934,254
Contributions in Relation to the Contractually Determined Contribution	25,581,213	25,320,041	23,366,345	19,630,921	17,934,254
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 152,359,814	\$ 143,537,648	\$ 134,443,872	\$ 119,846,893	\$ 121,341,364
Contributions as a Percentage of Covered Payroll	16.79%	17.64%	17.38%	16.38%	14.78%
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Contractually Required Contribution	\$ 15,966,431	\$ 14,769,553	\$ 12,325,129	\$ 10,921,312	\$ 9,331,667
Contributions in Relation to the Contractually Determined Contribution	15,966,431	14,769,553	12,325,129	10,921,312	9,331,667
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 123,102,780	\$ 120,175,366	\$ 114,333,290	\$ 109,431,980	\$ 101,985,427
Contributions as a Percentage of Covered Payroll	12.97%	12.29%	10.78%	9.98%	9.15%

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

**The University of North Carolina at 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, 2025**

*Changes of Benefit Terms:*

**Cost of Living Increase**

<b>Teachers' and State Employees' Retirement System</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	N/A	N/A	N/A	N/A	N/A	N/A	1.00%	N/A	N/A	N/A

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

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

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

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

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

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

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

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

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

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

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

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

N/A - Not Applicable

**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 Nine Fiscal Years\***

**Exhibit D-3  
Page 1 of 2**

<b>Retiree Health Benefit Fund</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Proportionate Share Percentage of Collective Net OPEB Liability	1.53072%	1.50377%	1.50361%	1.55190%	1.54797%
Proportionate Share of Collective Net OPEB Liability	\$ 520,637,030	\$ 400,714,688	\$ 357,060,159	\$ 479,780,356	\$ 429,421,307
Covered Payroll	\$ 321,700,809	\$ 299,231,197	\$ 273,021,319	\$ 272,879,289	\$ 273,878,099
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	161.84%	133.91%	130.78%	175.82%	156.79%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	9.79%	10.73%	10.58%	7.72%	6.92%
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	
Proportionate Share Percentage of Collective Net OPEB Liability	1.54029%	1.46220%	1.37590%	1.47880%	
Proportionate Share of Collective Net OPEB Liability	\$ 487,339,827	\$ 416,554,876	\$ 451,110,687	\$ 643,328,264	
Covered Payroll	\$ 267,338,387	\$ 255,356,381	\$ 243,798,332	\$ 226,082,790	
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	182.29%	163.13%	185.03%	284.55%	
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.40%	4.40%	3.52%	2.41%	

**The University of North Carolina at 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 Nine Fiscal Years\***

**Exhibit D-3  
Page 2 of 2**

<b>Disability Income Plan of North Carolina</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	1.62683%	1.55708%	1.48632%	1.52067%	1.60072%
Proportionate Share of Collective Net OPEB Liability (Asset)	\$ (535,650)	\$ 414,121	\$ 442,150	\$ (248,386)	\$ (787,458)
Covered Payroll	\$ 321,700,809	\$ 299,231,197	\$ 273,021,319	\$ 272,879,289	\$ 273,878,099
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.17%	0.14%	0.16%	0.09%	0.29%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	114.99%	90.61%	90.34%	105.18%	115.57%
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	1.58951%	1.52036%	1.50392%	1.35886%	
Proportionate Share of Collective Net OPEB Liability (Asset)	\$ (685,874)	\$ (461,825)	\$ (919,196)	\$ (843,852)	
Covered Payroll	\$ 267,338,387	\$ 255,356,381	\$ 243,798,332	\$ 226,082,790	
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.26%	0.18%	0.38%	0.37%	
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	113.00%	108.47%	116.23%	116.06%	

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

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

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

**Exhibit D-4  
Page 1 of 2**

<b>Retiree Health Benefit Fund</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Contractually Required Contribution	\$ 23,870,040	\$ 22,969,438	\$ 20,617,029	\$ 17,173,041	\$ 18,228,337
Contributions in Relation to the Contractually Determined Contribution	<u>23,870,040</u>	<u>22,969,438</u>	<u>20,617,029</u>	<u>17,173,041</u>	<u>18,228,337</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 341,488,406	\$ 321,700,809	\$ 299,231,197	\$ 273,021,319	\$ 272,879,289
Contributions as a Percentage of Covered Payroll	6.99%	7.14%	6.89%	6.29%	6.68%
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Contractually Required Contribution	\$ 17,719,913	\$ 16,762,117	\$ 15,449,061	\$ 14,168,417	\$ 12,660,636
Contributions in Relation to the Contractually Determined Contribution	<u>17,719,913</u>	<u>16,762,117</u>	<u>15,449,061</u>	<u>14,168,417</u>	<u>12,660,636</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 273,878,099	\$ 267,338,387	\$ 255,356,381	\$ 243,798,332	\$ 226,082,790
Contributions as a Percentage of Covered Payroll	6.47%	6.27%	6.05%	5.81%	5.60%

**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**

**Exhibit D-4  
Page 2 of 2**

<b>Disability Income Plan of North Carolina</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Contractually Required Contribution	\$ 443,935	\$ 353,871	\$ 299,231	\$ 245,719	\$ 245,591
Contributions in Relation to the Contractually Determined Contribution	443,935	353,871	299,231	245,719	245,591
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 341,488,406	\$ 321,700,809	\$ 299,231,197	\$ 273,021,319	\$ 272,879,289
Contributions as a Percentage of Covered Payroll	0.13%	0.11%	0.10%	0.09%	0.09%
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Contractually Required Contribution	\$ 273,878	\$ 374,274	\$ 357,499	\$ 926,434	\$ 926,939
Contributions in Relation to the Contractually Determined Contribution	273,878	374,274	357,499	926,434	926,939
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 273,878,099	\$ 267,338,387	\$ 255,356,381	\$ 243,798,332	\$ 226,082,790
Contributions as a Percentage of Covered Payroll	0.10%	0.14%	0.14%	0.38%	0.41%

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

# 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, 2025

---

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

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

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

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

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

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

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

Beginning with the Disability Income Plan of North Carolina (DIPNC) actuarial valuation as of December 31, 2017, the valuation included a liability for the State's potential reimbursement of costs incurred by employers for income benefits and health insurance premiums during the second six months of the first year of employee's short-term disability benefit period. The reimbursement from DIPNC was eliminated for disabilities occurring on or after July 1, 2019 and no further reimbursements may be issued.

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

*Changes of Assumptions:* Consistent with prior years, for the actuarial valuation measured as of June 30, 2024 for the RHBF, a number of actuarial assumptions were reviewed and updated. The discount rate for the RHBF was updated to 3.93%, from 3.65% as of June 30, 2023. This update was to reflect the Bond Buyer 20-year General Obligation Index as of fiscal year end. Medical and prescription drug claims costs were changed based on most recent experience, and medical and prescription drug trend rates were changed to the current schedule. Enrollment assumptions were updated to model expected migrations among RHBF plan options over the next four years. The expected impact from the Inflation Reduction Act on assumed Medicare Advantage rates by including proposed PMPM vendor rates through 2027 and then using assumed trend beginning in 2028. Employer portion of contributions were calculated to have less volatility than recent experience and have a smoother transition to the ultimate trend.

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

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

For the DIPNC actuarial valuation as of December 31, 2018, for individuals who may become disabled in the future, the Social Security disability income benefit (which is an offset to the DIPNC benefit) was updated to be based on assumed Social Security calculation parameters in the year of the disability.

The assumed costs related to the Patient Protection and Affordable Care Act regarding the Health Insurance Provider Fee for the fully insured plans and Excise Tax were removed when those pieces were repealed in December 2019 and first recognized in the 2020 OPEB report.

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

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