

The University of North Carolina at Greensboro
Statement of Net Position
June 30, 2017

Exhibit A-1
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DRAFT

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 112,961,417
Restricted Cash and Cash Equivalents	25,530,259
Short-Term Investments	909,422
Restricted Short-Term Investments	9,254,902
Receivables, Net (Note 5)	9,078,689
Inventories	400,140
Notes Receivable, Net (Note 5)	1,404,766
Total Current Assets	159,539,595

Noncurrent Assets:

Restricted Cash and Cash Equivalents	11,964,631
Receivables	730,104
Endowment Investments	274,989,297
Other Investments	4,452,359
Notes Receivable, Net (Note 5)	3,452,179
Capital Assets - Nondepreciable (Note 6)	121,274,268
Capital Assets - Depreciable, Net (Note 6)	629,041,574
Total Noncurrent Assets	1,045,904,412
Total Assets	1,205,444,007

DEFERRED OUTFLOWS OF RESOURCES

Deferred Loss on Refunding	4,234,479
Deferred Outflows Related to Pensions	29,886,669
Total Deferred Outflows of Resources	34,121,148

LIABILITIES

Current Liabilities:

Accounts Payable and Accrued Liabilities (Note 7)	16,225,282
Due to Primary Government	7,531
Deposits Payable	737,910
Funds Held for Others	33,154
Unearned Revenue	3,370,284
Interest Payable	3,331,385
Long-Term Liabilities - Current Portion (Note 8)	12,975,470
Total Current Liabilities	36,681,016

Noncurrent Liabilities:

Accounts Payable and Accrued Liabilities (Note 7)	2,030,358
Funds Held for Others	1,555,045
U. S. Government Grants Refundable	5,084,360
Funds Held in Trust for Pool Participants	3,713,502
Long-Term Liabilities, Net (Note 8)	410,142,953
Total Noncurrent Liabilities	422,526,218
Total Liabilities	459,207,234

DEFERRED INFLOWS OF RESOURCES

Deferred Revenue, Split-Interest Trust Agreements	155,715
Deferred Inflows Related to Pensions	3,311,474
Total Deferred Inflows of Resources	3,467,189

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NET POSITION

Net Investment in Capital Assets	393,035,143
Restricted for:	
Nonexpendable:	
Scholarships and Fellowships	85,120,466
Endowed Professorships	18,715,687
Departmental Uses	35,956,178
Loans	874,969
Art	1,521,317
Other	7,162,457
Expendable:	
Scholarships and Fellowships	72,111,366
Research	37,612
Endowed Professorships	22,284,546
Departmental Uses	33,385,194
Loans	1,038,052
Capital Projects	12,928,838
Debt Service	1,701
Art	1,035,453
Other	4,170,851
Unrestricted	87,510,902
Total Net Position	<u><u>\$ 776,890,732</u></u>

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

The University of North Carolina at Greensboro
Statement of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2017

Exhibit A-2

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REVENUES

Operating Revenues:

Student Tuition and Fees, Net (Note 10)	\$ 106,878,472
Federal Grants and Contracts	9,818,650
State and Local Grants and Contracts	3,174,444
Nongovernmental Grants and Contracts	1,763,604
Sales and Services, Net (Note 10)	53,480,365
Interest Earnings on Loans	123,169
Other Operating Revenues	1,596,540

Total Operating Revenues	<u>176,835,244</u>
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EXPENSES

Operating Expenses:

Salaries and Benefits	248,319,869
Supplies and Materials	21,970,726
Services	62,507,081
Scholarships and Fellowships	29,302,389
Utilities	8,540,438
Depreciation	21,001,359

Total Operating Expenses	<u>391,641,862</u>
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Operating Loss	<u>(214,806,618)</u>
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NONOPERATING REVENUES (EXPENSES)

State Appropriations	153,781,139
Noncapital Grants - Student Financial Aid	53,465,453
Noncapital Grants	15,914,487
Noncapital Gifts	3,021,744
Investment Income (Net of Investment Expense of \$1,057,294)	34,641,444
Interest and Fees on Debt	(11,869,043)
Other Nonoperating Expenses	(1,846,478)

Net Nonoperating Revenues	<u>247,108,746</u>
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Income Before Other Revenues	32,302,128
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Capital Appropriations	2,472,004
Capital Grants	2,140,162
Capital Gifts	290,322
Additions to Endowments	10,869,629

Increase in Net Position	48,074,245
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NET POSITION

Net Position - July 1, 2016	<u>728,816,487</u>
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Net Position - June 30, 2017	<u>\$ 776,890,732</u>
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The accompanying notes to the financial statements are an integral part of this statement.

The University of North Carolina at Greensboro
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

Exhibit A-3

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CASH FLOWS FROM OPERATING ACTIVITIES

Received from Customers	\$ 173,478,434
Payments to Employees and Fringe Benefits	(247,316,042)
Payments to Vendors and Suppliers	(90,406,851)
Payments for Scholarships and Fellowships	(29,302,389)
Loans Issued	(1,072,728)
Collection of Loans	1,346,328
Interest Earned on Loans	192,129
Other Receipts	1,579,791

Net Cash Used by Operating Activities	(191,501,328)
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CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Appropriations	153,781,139
Noncapital Grants - Student Financial Aid	53,465,453
Noncapital Grants	16,533,881
Noncapital Gifts	3,700,772
Additions to Endowments	10,869,629
William D. Ford Direct Lending Receipts	99,335,750
William D. Ford Direct Lending Disbursements	(99,335,750)
Related Activity Agency Receipts	47,002

Net Cash Provided by Noncapital Financing Activities	238,397,876
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CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES

Proceeds from Capital Debt	41,382,381
Capital Appropriations	2,472,004
Capital Grants	2,140,162
Proceeds from Sale of Capital Assets	29,137
Acquisition and Construction of Capital Assets	(54,449,548)
Principal Paid on Capital Debt	(12,493,748)
Interest and Fees Paid on Capital Debt	(13,625,029)

Net Cash Used by Capital Financing and Related Financing Activities	(34,544,641)
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CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales and Maturities of Investments	74,127,365
Investment Income	2,002,451
Purchase of Investments and Related Fees	(82,964,808)

Net Cash Used by Investing Activities	(6,834,992)
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Net Increase in Cash and Cash Equivalents	5,516,915
Cash and Cash Equivalents - July 1, 2016	144,939,392

Cash and Cash Equivalents - June 30, 2017	\$ 150,456,307
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The University of North Carolina at Greensboro
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2017

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

Operating Loss	\$	(214,806,618)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense		21,001,359
Allowances and Write-Offs		226,344
Changes in Assets and Deferred Outflows of Resources:		
Receivables, Net		(538,384)
Inventories		4,531
Notes Receivable, Net		184,676
Deferred Outflows for Pensions		(23,092,206)
Changes in Liabilities and Deferred Inflows of Resources:		
Accounts Payable and Accrued Liabilities		2,984,781
Due to Primary Government		1,150
Unearned Revenue		(1,419,737)
Net Pension Liability		25,540,961
Compensated Absences		753,361
Deposits Payable		(30,200)
Deferred Inflows for Pensions		(2,311,346)
Net Cash Used by Operating Activities	\$	<u>(191,501,328)</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Current Assets:		
Cash and Cash Equivalents	\$	112,961,417
Restricted Cash and Cash Equivalents		25,530,259
Noncurrent Assets:		
Restricted Cash and Cash Equivalents		<u>11,964,631</u>
Total Cash and Cash Equivalents - June 30, 2017	\$	<u>150,456,307</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through the Assumption of a Liability	\$	8,372,462
Assets Acquired through a Gift		290,322
Change in Fair Value of Investments		25,076,462
Loss on Disposal of Capital Assets		(1,824,586)
Amortization of Bond Premiums		(2,007,662)

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

**The University of North Carolina at Greensboro
Required Supplementary Information
Schedule of the Proportionate Net Pension Liability
Teachers' and State Employees' Retirement System
Last Four Fiscal Years**

Exhibit B-1

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	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportionate Share Percentage of Collective Net Pension Liability	0.47757%	0.49801%	0.53027%	0.55270%
Proportionate Share of TSERS Collective Net Pension Liability	\$ 43,893,616	\$ 18,352,655	\$ 6,216,997	\$ 33,554,522
Covered Payroll	\$ 74,256,427	\$ 73,915,822	\$ 75,983,103	\$ 78,802,024
Net Pension Liability as a Percentage of Covered Payroll	59.11%	24.83%	8.18%	42.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.32%	94.64%	98.24%	90.60%

The University of North Carolina at Greensboro
Required Supplementary Information
Schedule of University Contributions
Teachers' and State Employees' Retirement System
Last Ten Fiscal Years

Exhibit B-2

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	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 7,759,557	\$ 6,794,463	\$ 6,763,298	\$ 6,602,932	\$ 6,564,209
Contributions in Relation to the Contractually Determined Contribution	<u>7,759,557</u>	<u>6,794,463</u>	<u>6,763,298</u>	<u>6,602,932</u>	<u>6,564,209</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 77,751,073	\$ 74,256,427	\$ 73,915,822	\$ 75,983,103	\$ 78,802,024
Contributions as a Percentage of Covered Payroll	9.98%	9.15%	9.15%	8.69%	8.33%

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually Required Contribution	\$ 5,823,207	\$ 3,997,274	\$ 2,840,309	\$ 2,730,725	\$ 2,304,401
Contributions in Relation to the Contractually Determined Contribution	<u>5,823,207</u>	<u>3,997,274</u>	<u>2,840,309</u>	<u>2,730,725</u>	<u>2,304,401</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 78,268,906	\$ 81,080,607	\$ 79,560,471	\$ 81,271,581	\$ 75,554,145
Contributions as a Percentage of Covered Payroll	7.44%	4.93%	3.57%	3.36%	3.05%

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

The University of North Carolina at Greensboro
Notes to Required Supplementary Information
Schedule of University Contributions
Teachers' and State Employees' Retirement System
Last Ten Fiscal Years

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Changes of Benefit Terms:

				<u>Cost of Living Increase</u>					
<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
N/A	N/A	1.00%	N/A	N/A	N/A	2.20%	2.20%	3.00%	2.00%

Changes of assumptions. In 2008, 2012, and 2015, the actuarial assumptions were updated to more closely reflect actual experience. In 2015, the North Carolina Retirement Systems' consulting actuaries performed the quinquennial investigation of each retirement systems' 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, 2010, and December 31, 2014. Based on the findings, the Board of Trustees of the Teachers' and State Employees' Retirement System adopted a number of new actuarial assumptions and methods. The most notable changes to the assumptions include updates to the mortality tables and the mortality improvement projection scales to reflect reduced rates of mortality and significant increases in mortality improvements. These assumptions were adjusted to reflect the mortality projection scale MP-2015, released by the Society of Actuaries in 2015. In addition, the assumed rates of retirement, salary increases, and rates of termination from active employment were reduced to more closely reflect actual experience.

The Notes to Required Supplementary Information reflect the most recent available information included in the State of North Carolina's 2016 *Comprehensive Annual Financial Report*.