

The University of North Carolina at Greensboro
Statement of Net Position
June 30, 2018

Exhibit A-1
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DRAFT

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 110,274,328
Restricted Cash and Cash Equivalents	27,709,198
Short-Term Investments	784,883
Restricted Short-Term Investments	9,083,333
Receivables, Net (Note 5)	10,892,276
Inventories	574,899
Notes Receivable, Net (Note 5)	1,182,011
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Total Current Assets	160,500,928

Noncurrent Assets:

Restricted Cash and Cash Equivalents	3,638,940
Receivables	1,084,211
Endowment Investments	292,034,124
Other Investments	4,604,814
Notes Receivable, Net (Note 5)	3,169,650
Net Other Postemployment Benefits Asset	584,980
Capital Assets - Nondepreciable (Note 6)	95,354,695
Capital Assets - Depreciable, Net (Note 6)	684,713,433
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Total Noncurrent Assets 1,085,184,847

Total Assets

1,245,685,775

DEFERRED OUTFLOWS OF RESOURCES

Deferred Loss on Refunding	6,722,213
Deferred Outflows Related to Pensions	22,037,602
Deferred Outflows Related to Other Postemployment Benefits (Note 14)	11,129,161
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Total Deferred Outflows of Resources 39,888,976

LIABILITIES

Current Liabilities:

Accounts Payable and Accrued Liabilities (Note 7)	15,792,385
Due to Primary Government	3,813
Deposits Payable	794,310
Funds Held for Others	23,103
Unearned Revenue	3,674,393
Interest Payable	3,551,027
Long-Term Liabilities - Current Portion (Note 8)	14,584,137
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Total Current Liabilities 38,423,168

Noncurrent Liabilities:

Accounts Payable and Accrued Liabilities (Note 7)	1,618,695
Funds Held for Others	922,533
U. S. Government Grants Refundable	5,084,360
Funds Held in Trust for Pool Participants	3,865,957
Long-Term Liabilities, Net (Note 8)	691,150,513
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Total Noncurrent Liabilities 702,642,058

Total Liabilities

741,065,226

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows for Irrevocable Split-Interest Agreements	149,822
Deferred Inflows Related to Pensions	1,984,490
Deferred Inflows Related to Other Postemployment Benefits (Note 14)	144,213,215
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Total Deferred Inflows of Resources 146,347,527

The University of North Carolina at Greensboro
Statement of Net Position
June 30, 2018

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NET POSITION

Net Investment in Capital Assets	422,348,859
Restricted for:	
Nonexpendable:	
Scholarships and Fellowships	89,316,244
Endowed Professorships	18,796,078
Departmental Uses	36,108,956
Loans	874,969
Art	1,523,352
Other	6,934,026
Expendable:	
Scholarships and Fellowships	78,191,637
Research	12,205
Endowed Professorships	24,819,688
Departmental Uses	38,296,402
Loans	1,000,750
Capital Projects	8,219,480
Debt Service	4,957
Art	1,144,580
Other	5,577,243
Unrestricted	<u>(335,007,428)</u>
Total Net Position	<u>\$ 398,161,998</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, 2018

Exhibit A-2

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REVENUES

Operating Revenues:	
Student Tuition and Fees, Net (Note 11)	\$ 112,143,611
Federal Grants and Contracts	14,734,013
State and Local Grants and Contracts	3,754,570
Nongovernmental Grants and Contracts	2,316,693
Sales and Services, Net (Note 11)	56,108,821
Interest Earnings on Loans	114,323
Other Operating Revenues	<u>1,505,220</u>
Total Operating Revenues	<u>190,677,251</u>

EXPENSES

Operating Expenses:	
Salaries and Benefits	265,688,027
Supplies and Materials	22,865,123
Services	64,016,909
Scholarships and Fellowships	29,913,984
Utilities	8,794,845
Depreciation	<u>22,115,740</u>
Total Operating Expenses	<u>413,394,628</u>
Operating Loss	<u>(222,717,377)</u>

NONOPERATING REVENUES (EXPENSES)

State Appropriations	170,294,190
Noncapital Grants - Student Financial Aid	59,649,732
Noncapital Grants	8,914,978
Noncapital Gifts	5,028,939
Investment Income (Net of Investment Expense of \$1,099,602)	25,145,127
Interest and Fees on Debt	(11,786,151)
Other Nonoperating Expenses	<u>(1,254,177)</u>
Net Nonoperating Revenues	<u>255,992,638</u>
Income Before Other Revenues	33,275,261
Capital Appropriations	2,514,816
Capital Grants	11,518,051
Capital Gifts	200,181
Additions to Endowments	<u>4,063,659</u>
Increase in Net Position	51,571,968

NET POSITION

Net Position - July 1, 2017, as Restated (Note 20)	<u>346,590,030</u>
Net Position - June 30, 2018	<u><u>\$ 398,161,998</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 Cash Flows
For the Fiscal Year Ended June 30, 2018

Exhibit A-3

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CASH FLOWS FROM OPERATING ACTIVITIES

Received from Customers	\$ 187,757,638
Payments to Employees and Fringe Benefits	(267,428,411)
Payments to Vendors and Suppliers	(99,106,339)
Payments for Scholarships and Fellowships	(29,913,984)
Loans Issued	(735,716)
Collection of Loans	1,244,838
Interest Earned on Loans	173,181
Other Receipts	1,611,064
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Net Cash Used by Operating Activities	(206,397,729)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Appropriations	170,294,190
Noncapital Grants - Student Financial Aid	59,649,732
Noncapital Grants	9,212,562
Noncapital Gifts	3,823,457
Additions to Endowments	4,063,659
William D. Ford Direct Lending Receipts	101,603,153
William D. Ford Direct Lending Disbursements	(101,603,153)
Related Activity Agency Receipts	(805,281)
	<hr/>
Net Cash Provided by Noncapital Financing Activities	246,238,319

CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES

Proceeds from Capital Debt	3,897,573
Capital Appropriations	2,514,816
Capital Grants	11,518,051
Proceeds from Sale of Capital Assets	22,499
Acquisition and Construction of Capital Assets	(50,899,477)
Principal Paid on Capital Debt	(12,404,374)
Interest and Fees Paid on Capital Debt	(12,192,050)
	<hr/>
Net Cash Used by Capital Financing and Related Financing Activities	(57,542,962)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales and Maturities of Investments	75,714,295
Investment Income	3,666,231
Purchase of Investments and Related Fees	(70,511,995)
	<hr/>
Net Cash Provided by Investing Activities	8,868,531
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Net Decrease in Cash and Cash Equivalents	(8,833,841)
Cash and Cash Equivalents - July 1, 2017	150,456,307
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Cash and Cash Equivalents - June 30, 2018	\$ 141,622,466

The University of North Carolina at Greensboro
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

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

Operating Loss	\$ (222,717,377)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	22,115,740
Allowances and Write-Offs	279,845
Changes in Assets and Deferred Outflows of Resources:	
Receivables, Net	(2,454,578)
Inventories	(174,759)
Notes Receivable, Net	388,952
Net Other Postemployment Benefits Asset	(22,764)
Deferred Outflows Related to Pensions	7,849,067
Deferred Outflows Related to Other Postemployment Benefits	(937,219)
Changes in Liabilities and Deferred Inflows of Resources:	
Accounts Payable and Accrued Liabilities	(2,265,913)
Due to Primary Government	(3,718)
Unearned Revenue	481,654
Net Pension Liability	(5,149,741)
Net Other Postemployment Benefits Liability	(147,690,939)
Compensated Absences	967,283
Deposits Payable	56,400
Deferred Inflows for Irrevocable Split-Interest Agreements	(5,893)
Deferred Inflows Related to Pensions	(1,326,984)
Deferred Inflows Related to Other Postemployment Benefits	144,213,215
Net Cash Used by Operating Activities	<u>\$ (206,397,729)</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Current Assets:	
Cash and Cash Equivalents	\$ 110,274,328
Restricted Cash and Cash Equivalents	27,709,198
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	<u>3,638,940</u>
Total Cash and Cash Equivalents - June 30, 2018	<u>\$ 141,622,466</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through the Assumption of a Liability	\$ 7,825,489
Assets Acquired through a Gift	200,181
Change in Fair Value of Investments	13,653,896
Loss on Disposal of Capital Assets	(806,770)
Bond Issuance Cost Withheld	496,150
Amortization of Bond Premiums	(7,965,152)
Increase in Receivables Related to Nonoperating Income	1,205,482
Funds Escrowed to Defease Debt	90,784,965
Funds Used to Payoff Notes Payable	46,012,350

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 Five Fiscal Years**

Exhibit B-1

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	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportionate Share Percentage of Collective Net Pension Liability	0.48830%	0.47757%	0.49801%	0.53027%	0.55270%
Proportionate Share of TSERS Collective Net Pension Liability	\$ 38,743,875	\$ 43,893,616	\$ 18,352,655	\$ 6,216,997	\$ 33,554,522
Covered Payroll	\$ 77,751,073	\$ 74,256,427	\$ 73,915,822	\$ 75,983,103	\$ 78,802,024
Net Pension Liability as a Percentage of Covered Payroll	49.83%	59.11%	24.83%	8.18%	42.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.51%	87.32%	94.64%	98.24%	90.60%

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 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 8,875,469	\$ 7,759,557	\$ 6,794,463	\$ 6,763,298	\$ 6,602,932
Contributions in Relation to the Contractually Determined Contribution	<u>8,875,469</u>	<u>7,759,557</u>	<u>6,794,463</u>	<u>6,763,298</u>	<u>6,602,932</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 82,332,739	\$ 77,751,073	\$ 74,256,427	\$ 73,915,822	\$ 75,983,103
Contributions as a Percentage of Covered Payroll	10.78%	9.98%	9.15%	9.15%	8.69%

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually Required Contribution	\$ 6,564,209	\$ 5,823,207	\$ 3,997,274	\$ 2,840,309	\$ 2,730,725
Contributions in Relation to the Contractually Determined Contribution	<u>6,564,209</u>	<u>5,823,207</u>	<u>3,997,274</u>	<u>2,840,309</u>	<u>2,730,725</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 78,802,024	\$ 78,268,906	\$ 81,080,607	\$ 79,560,471	\$ 81,271,581
Contributions as a Percentage of Covered Payroll	8.33%	7.44%	4.93%	3.57%	3.36%

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:

Cost of Living Increase

2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
N/A	N/A	N/A	1.00%	N/A	N/A	N/A	2.20%	2.20%	3.00%

Changes of assumptions. In 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 discount rate for Teachers' and State Employees' Retirement System was lowered from 7.25% to 7.20% for the December 31, 2016 valuation.

The Board of Trustees also adopted a new asset valuation method for the Teachers' and State Employees' Retirement System. For determining plan funding requirements, these plans now use a five-year smoothing method with a reset of the actuarial value of assets to market value as of December 31, 2014.

The Notes to Required Supplementary Information reflect the most recent available information included in the State of North Carolina's 2017 *Comprehensive Annual Financial Report*.

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

Exhibit B-3

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	<u>2017</u>	<u>2016</u>
Retiree Health Benefit Fund		
Proportionate Share Percentage of Collective Net OPEB Liability	0.89477%	1.01384%
Proportionate Share of Collective Net OPEB Liability	\$ 293,363,921	\$ 441,054,860
Covered Payroll	\$ 164,567,614	\$ 155,819,092
Net OPEB Liability as a Percentage of Covered Payroll	178.26%	283.06%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	3.52%	2.41%
Disability Income Plan of North Carolina		
Proportionate Share Percentage of Collective Net OPEB Asset	0.95710%	0.90534%
Proportionate Share of Collective Net OPEB Asset	\$ 584,980	\$ 562,216
Covered Payroll	\$ 164,567,614	\$ 155,819,092
Net OPEB Asset as a Percentage of Covered Payroll	0.36%	0.36%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Asset	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*.

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

Exhibit B-4

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	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Retiree Health Benefit Fund					
Contractually Required Contribution	\$ 10,593,021	\$ 9,561,378	\$ 8,725,869	\$ 8,421,927	\$ 8,473,310
Contributions in Relation to the Contractually Determined Contribution	<u>10,593,021</u>	<u>9,561,378</u>	<u>8,725,869</u>	<u>8,421,927</u>	<u>8,473,310</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 175,091,258	\$ 164,567,614	\$ 155,819,092	\$ 153,404,858	\$ 156,913,142
Contributions as a Percentage of Covered Payroll	6.05%	5.81%	5.60%	5.49%	5.40%
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually Required Contribution	\$ 8,396,759	\$ 7,891,367	\$ 7,866,532	\$ 6,971,415	\$ 6,402,448
Contributions in Relation to the Contractually Determined Contribution	<u>8,396,759</u>	<u>7,891,367</u>	<u>7,866,532</u>	<u>6,971,415</u>	<u>6,402,448</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 158,429,407	\$ 157,827,334	\$ 160,541,468	\$ 154,920,328	\$ 156,157,260
Contributions as a Percentage of Covered Payroll	5.30%	5.00%	4.90%	4.50%	4.10%
Disability Income Plan of North Carolina					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 245,128	\$ 625,357	\$ 638,858	\$ 628,960	\$ 690,418
Contributions in Relation to the Contractually Determined Contribution	<u>245,128</u>	<u>625,357</u>	<u>638,858</u>	<u>628,960</u>	<u>690,418</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 175,091,258	\$ 164,567,614	\$ 155,819,092	\$ 153,404,858	\$ 156,913,142
Contributions as a Percentage of Covered Payroll	0.14%	0.38%	0.41%	0.41%	0.44%
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually Required Contribution	\$ 697,089	\$ 820,702	\$ 834,816	\$ 805,586	\$ 812,018
Contributions in Relation to the Contractually Determined Contribution	<u>697,089</u>	<u>820,702</u>	<u>834,816</u>	<u>805,586</u>	<u>812,018</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 158,429,407	\$ 157,827,334	\$ 160,541,468	\$ 154,920,328	\$ 156,157,260
Contributions as a Percentage of Covered Payroll	0.44%	0.52%	0.52%	0.52%	0.52%

Note: Changes in 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 Greensboro
Notes to Required Supplementary Information
Schedule of University Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
Last Ten Fiscal Years

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

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 Employer Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning six months following the date of the valuation results for the Retiree Health Benefit Fund. The actuarially determined contribution rates in the Schedule of Employer 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 Disability Income Plan of North Carolina. See Note 14 for more information on the specific assumptions for each 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 2015, 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, 2010, and December 31, 2014. Based on the findings, the Boards of Trustees of the Teachers' and State Employees' Retirement System and the State Health Plan adopted a number of new actuarial assumptions and methods for the Retiree Health Benefit Fund and the Disability Income Plan of North Carolina. 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 and rates of termination from active employment were reduced to more closely reflect actual experience.

In 2017, the medical and prescription health trend rates used in the December 31, 2016 actuarial valuation of the Retiree Health Benefit Fund were reduced based upon the plan's most recent experience.

The Notes to Required Supplementary Information reflect the most recent available information included in the State of North Carolina's 2017 *Comprehensive Annual Financial Report*.