

# NORTH CAROLINA STATE UNIVERSITY



## Annual Financial Report 2025



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Prepared by the University Controller's Office  
For the Fiscal Year Ended June 30, 2025

A constituent institution of the University of North Carolina  
and a component unit of the State of North Carolina



# MISSION STATEMENT

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As a research-extensive land-grant university, North Carolina State University is dedicated to excellent teaching, the creation and application of knowledge, and engagement with public and private partners. By uniting our strength in science and technology with a commitment to excellence in a comprehensive range of disciplines, NC State promotes an integrated approach to problem solving that transforms lives and provides leadership for social, economic, and technological development across North Carolina and around the world.

## LETTER FROM THE CHANCELLOR

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NC State's community, constituents and mission continue to flourish year after year, with fiscal 2025 offering the opportunity for even greater success. Each unit and department contributes to our efforts in maintaining strong financial management practices, and we are grateful for the work of our faculty, staff and students in ensuring what was another year of exciting achievement. Our prosperity as a leading public institution influences our state and those who call it home, and I am proud to share with you a snapshot of our solid financial outcomes for fiscal 2025.

As the NC State community continues to grow, the philanthropy of our alumni, friends and partners remains vital in our ability to offer affordable education options to our students. As we near over 40,000 enrolled in our academic programs, we are also seeing new records set in generous giving. Day of Giving 2025 raised nearly \$50.6 million from over 18,500 gifts. In total, fiscal year 2025 finished with over \$366.6 million in total gifts and commitments, the highest fundraising total in the university's history.

Support from the State of North Carolina and other entities helps us to fulfill our mission while also raising our local and global reputation. For fall 2025, NC State received almost 50,000 first-year applications with nearly half residing out-of-state. In the U.S. News and World Report's 2025 ranking, NC State ranked highly as a top public school and as a best value school among national universities, earning the university's highest placements on the lists ever. The demand for an NC State degree grows, and we are excited to meet the educational needs of students across our state, nation, and the world.

NC State's preeminence in innovation and discovery catches the attention of prospective students and partners alike, from those who reside at home in the Triangle to industry leaders on the global scale. In fiscal year 2025 our research expenditures reached a new record: \$717 million. As we express through our Think and Do motto, NC State research makes real impacts, and this year was no different. NC State inventors submitted 211 disclosures, negotiated 214 commercialization agreements and launched 14 startups from NC State intellectual property.

I am proud to be NC State's fifteenth chancellor, and am excited to lead this institution – a model of financial stability and strength – to even greater heights in the years to come. It takes every member of our community to steward success, and we are incredibly grateful to those who bring their service to the table each and every day.

A handwritten signature in black ink that reads "Kevin D. Howell". The signature is written in a cursive, slightly slanted style.

Kevin D. Howell, Chancellor  
NC State University



To: Chancellor W. Randolph Woodson and the Board of Trustees  
North Carolina State University

I am pleased to present North Carolina State University's 2025 Annual Financial Report. Prepared by Finance and Administration staff in accordance with generally accepted accounting principles for public colleges and universities as defined by the Governmental Accounting Standards Board, the report contains detailed information about the university's financial activities. This report includes key financial data for the past five years, complete financial statements with management analysis, the Office of the State Auditor's report, and recent achievements. Supplemental information includes trend data relating to admissions, enrollment, degrees awarded, faculty, endowment, and debt coverage. The information enclosed is accurate in all material respects and reported in a manner fairly representing the university's financial position to the best of our knowledge. NC State 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 financial assets including deferred outflows of resources were \$5.00 billion.
- Net position grew by \$166.1 million or 9.1% during the reporting period. Beginning net position was \$1.82 billion as restated and ending net position was \$1.98 billion.
- Revenues and expenses (operating, nonoperating and other) were \$2.35 billion and \$2.20 billion, respectively.
- Revenues exceeded expenses by \$30.4 million (net income) before capital appropriations and contributions of \$103.0 million, and additions to endowments of \$19.7 million.
- Revenues (operating, nonoperating and other) increased by \$130.1 million or 5.9%, primarily due to increases in federal grants and contracts, sales and services, state appropriations, investment income, and capital contributions. This was offset by a decrease in student tuition and fees which was due to the change in the tuition discounting calculation.
- Expenses increased by \$214.1 million or 10.8%, with salaries and benefits showing the largest increase along with a large increase in supplies and services.

NC State upholds its commitment to financial stewardship and its overarching goal of solving the grand challenges of an increasingly complex world. In this way the university preserves its land grant mission to create economic, societal and intellectual prosperity for the people of North Carolina and the United States.

Sincerely,

A handwritten signature in black ink that reads "Charles Maimone". The signature is written in a cursive, flowing style.

Charles A. Maimone  
Executive Vice Chancellor for Finance and Administration  
NC State University

# NC STATE PRIDE POINTS

## Essential Facts and Figures

- 40,500+ students, 2,500+ faculty and 7,700+ staff
- Educating more North Carolinians than any other university
- Student-faculty ratio 15:1
- 12 colleges representing all major academic fields
- More than 300 undergraduate and graduate degree programs offered through 68 departments
- NC State Extension serves citizens in all 100 counties and the Eastern Band of Cherokee Indians
- \$2.54 billion endowment, among the 90 largest higher-education endowments in the country

## Ranked Among the Best

- Top 1% of universities worldwide (Center for World University Rankings)
- Top 50 among universities in the United States (QS World University Rankings)
- #2 best public college in North Carolina for value (*Money*)
- #2 for research commercialization among public universities nationally (Heartland Forward)
- #3 graduate nuclear engineering program nationally (*U.S. News & World Report*)
- #4 graduate biological/agricultural engineering program nationally (*U.S. News & World Report*)
- #5 veterinary medicine program nationally (*U.S. News & World Report*)
- #6 in research expenditures nationally for universities without a medical school (National Science Foundation)
- #6 online graduate electrical engineering program nationally (*U.S. News & World Report*)
- #7 military-friendly school among Tier 1 research institutions (Military Friendly)
- #7 online graduate education program for veterans nationally (*U.S. News & World Report*)
- #7 undergraduate biological/agricultural engineering program nationally (*U.S. News & World Report*)
- #8 online graduate business analytics program nationally (*U.S. News & World Report*)
- Top 10 best value among public universities nationally (Princeton Review)
- #11 online MBA program nationally (Princeton Review)
- #11 graduate statistics program nationally (*U.S. News & World Report*)
- #13 online graduate information technology program nationally (*U.S. News & World Report*)
- #18 graduate applied mathematics program nationally (*U.S. News & World Report*)
- #20 online graduate education program nationally (*U.S. News & World Report*)

## Academic Excellence: Brightest Students, Best Faculty

- More than 100 of our students were national scholars and fellows over the past five years.
- Four NC State faculty members were selected as 2025-26 U.S. Fulbright Scholars. They will travel abroad to research topics like 3D printing, property development, climate resilience and water management.
- Five students from NC State received grants from the Fulbright U.S. Student Program in 2024. The program provides students with opportunities to study, teach and conduct research internationally as they deepen NC State's relationships with the global community.
- Graduate and undergraduate students from across NC State were recognized with 17 Graduate Research Fellowships from the National Science Foundation during the 2023-2024 academic year.
- In 2023, two NC State students were awarded funds to pursue a summer travel-work experience as part of the inaugural cohort for the Obama-Chesky Scholarship for Public Service, also known as the Voyager Scholarship.
- The Chancellor's Faculty Excellence Program groups world-leading educators and researchers into 20 interdisciplinary clusters, including bioinformatics, precision medicine and public science.

## Driving Economic Prosperity

- 250+ startups and spinoffs based on NC State research, attracting a total of \$1.7+ billion in venture capital
- #2 nationwide in active licenses and options; #3 nationwide for startups launched among universities without a medical school (AUTM Licensing Activity Survey, 2021)
- 1,500+ patents issued in the U.S., yielding 600+ consumer products
- The Wolfpack Investor Network (WIN) matches NC State alumni investors with promising university-affiliated startups to facilitate mentoring, support and angel investments for entrepreneurial businesses. WIN members have invested more than \$13 million in 23 NC State startups.
- The Milken Institute, an economic think tank, cited the collaboration and innovation fostered by NC State — and particularly by Centennial Campus — as key reasons why Raleigh is the one of the best-performing large cities in the United States.
- NC State and its students, alumni and associated startups generate \$6.5 billion of North Carolina income annually.

## A National Leader in Attracting Sponsored Research and Interdisciplinary Partnerships That Make a Difference

- \$517 million in new sponsored research awards for fiscal year 2024 — the highest in university history
- #3 in the nation for the share of our research sponsored by private industry (for universities without a medical school), according to the Association of University Technology Managers
- Leading university for two National Science Foundation Engineering Research Centers:
  - The FREEDM Systems Center, researching smart-grid technology
  - The ASSIST Center, developing wearable, self-powered health monitors
- The first North American location for an IBM Quantum Hub, a collaborative effort to advance quantum computing
- Future home to Woodson Hall, a \$180 million investment that will house the Intergrative Sciences Initiative to drive interdisciplinary synergy in the sciences
- Future home to the Bezos Center for Sustainable Protein, a biomanufacturing hub that will develop dietary proteins that are healthy, delicious, affordable and sustainable
- Home to two major interdisciplinary National Science Foundation-funded centers launched in 2021:
  - The NSF AI Institute for Engaged Learning, a \$20 million center that aims to create artificial intelligence tools to advance human learning and education
  - The NSF Science and Technology Center - Science and Technologies for Phosphorus Sustainability (STEPS), a \$25 million center that studies how to reduce dependence on mined phosphates and the amount of phosphorus that leaches into soil and water
- A hub for driving 5G innovation via the \$24 million Aerial Experimentation and Research Platform for Advanced Wireless (AERPAAW) project
- A past or present partner in seven of the public-private institutes that make up Manufacturing USA, a federal initiative to revitalize the U.S. manufacturing industry
- Home to the Southeast Climate Adaptation Science Center, one of nine such regional centers in the United States

## NC State's Centennial Campus

### A national model for partnership-driven research campuses

- A nationally acclaimed public-private research campus where 70+ corporate, government and nonprofit partners work alongside 70+ research and academic units
- Home to the College of Engineering, the Wilson College of Textiles, the N.C. Plant Sciences Initiative and the Institute of Emerging Issues, a think tank focused on tackling big issues that affect North Carolina's prosperity
- Supports lifelong learning through K-12, graduate and continuing education, distance and online learning, and executive education
- Houses the Office of Research and Innovation, which supports the university's research and commercialization mission
- Houses the James B. Hunt Jr. Library: Winner of the prestigious Stanford Prize for Innovation in Research Libraries, and one of the most technologically advanced learning and collaboration spaces in the world
- Offers a wealth of dining options, housing and amenities, most of which are available to the public



# FINANCIAL HIGHLIGHTS

FOR THE YEARS ENDED JUNE 30, 2021-2025  
(DOLLARS ARE IN MILLIONS)

	2021	2022	2023	2024	2025
<b>University Net Position</b>					
Invested in Capital Assets, Net of Related Debt (2)	\$1,637.3	\$1,672.2	\$1,724.6	\$1,790.9	\$1,839.4
Restricted Nonexpendable	\$175.8	\$184.8	\$188.5	\$207.2	\$228.7
Restricted Expendable (1)	\$501.0	\$500.5	\$506.6	\$555.6	\$613.9
Unrestricted	-\$1,252.6	-\$1,068.3	-\$837.9	-\$734.8	-\$697.1
Total Net Position (2)	\$1,061.5	\$1,289.2	\$1,581.8	\$1,818.9	\$1,984.9
<b>Contributions</b>					
Noncapital Contributions	\$100.4	\$95.6	\$104.7	\$115.4	\$121.0
Capital Contributions	\$106.8	\$39.4	\$66.8	\$82.0	\$102.4
<b>Contracts &amp; Grants</b>					
Federal Contracts and Grants	\$180.4	\$191.6	\$207.9	\$244.0	\$283.9
State and Local Contracts and Grants	\$53.5	\$44.1	\$48.5	\$54.2	\$55.0
Nongovernmental Contracts and Grants	\$94.2	\$102.4	\$116.7	\$121.1	\$124.2
Total Contracts and Grants	\$328.1	\$338.1	\$373.1	\$419.3	\$463.1
<b>Appropriations and Tuition and Fees</b>					
Federal Appropriations	\$23.0	\$23.7	\$24.6	\$23.5	\$24.8
State Appropriations for Operations	\$520.6	\$578.0	\$616.3	\$658.9	\$677.9
State Appropriations for Capital Projects	\$7.7	\$0.0	\$0.4	\$0.0	\$0.6
Tuition and Fees (Gross)	\$438.5	\$463.2	\$488.2	\$510.1	\$530.1
<b>Foundation Support</b>	\$134.9	\$90.5	\$104.8	\$118.5	\$126.9
<b>Endowment Investments</b>	\$522.7	\$532.0	\$526.9	\$586.6	\$645.3
<b>Investment Fund Return</b>	39.3%	3.2%	1.2%	11.8%	10.5%
<b>Capital Assets</b>					
Total University Capital Assets (2)	\$3,561.6	\$3,786.5	\$3,947.1	\$4,153.4	\$4,366.6
Total University Capital Assets, Net of Accumulated Depreciation (2)	\$2,221.7	\$2,327.7	\$2,354.0	\$2,428.9	\$2,515.2
<b>University Debt</b>					
Bonds Payable	\$532.4	\$509.6	\$486.5	\$605.8	\$578.4
Notes Payable	\$51.7	\$46.2	\$40.1	\$33.5	\$26.3
<b>Estimated Expenses for Full-Time Students Living on Campus - N.C. Residents</b> (dollars are in whole numbers)					
Tuition and Fees	\$9,100	\$9,130	\$9,128	\$9,105	\$8,986
Books and Supplies	\$1,082	\$1,094	\$854	\$869	\$876
Room Rent (Average)	\$6,768	\$6,974	\$7,432	\$7,996	\$8,338
Meals (Average)	\$4,833	\$4,983	\$5,316	\$5,723	\$5,994
Other Personal Expenses	\$1,608	\$1,628	\$1,795	\$1,855	\$1,855
Transportation	\$1,122	\$1,135	\$1,186	\$1,224	\$1,333
Total	\$24,513	\$24,944	\$25,711	\$26,772	\$27,382

1. Sources for funding Restricted Expendable Net Assets include gifts, contracts and grants, unexpended capital appropriations, endowment income, unexpended debt proceeds, required reserves, and loan funds.

2. 2023 Restated due to implementation of GASB Implementation Guide 2021-1 Question 5.1, *Asset Capitalization policy for Individual assets below capitalization threshold but significant in aggregate.*

# BOARD OF TRUSTEES

As of June 30, 2025



Edward I. Weisiger,  
Jr.,  
Charlotte, NC  
Chair



Marie F. Arcuri,  
Winston-Salem,  
NC



Derick Close,  
Fort Lawn, SC



Erik L. Dixon,  
Wake Forest, NC



James A. Harrell III,  
Raleigh, NC



David Dee Herring,  
Lillington, NC



James L. Holmes,  
Raleigh, NC



Timothy L.  
Humphrey,  
Raleigh, NC



Ghazale Johnston,  
Charlotte, NC



Wendell H. Murphy,  
Rose Hill, NC



Ven Poole,  
Raleigh, NC



David M. Powers,  
Raleigh, NC



Perry Safran,  
Raleigh, NC



Edwin J. Stack III,  
Morehead City, NC



Isaac Carreno,  
Student Body  
President

# EXECUTIVE AND ADMINISTRATIVE OFFICERS

As of June 30, 2025

## EXECUTIVE OFFICERS

**Kevin D. Howell**

Chancellor

**Marc I. Hoit**

Vice Chancellor for Information Technology

**Krista Walton**

Vice Chancellor for Research and Innovation

**Warwick Arden**

Provost and Executive Vice Chancellor

**Brian C. Sischo**

Vice Chancellor for University Advancement

**Doneka Scott**

Vice Chancellor and Dean for the Division of Academic and Student Affairs

**Boo Corrigan**

Director of Athletics

**Charles Maimone**

Executive Vice Chancellor for Finance and Administration

**Lindsay Recchie**

Interim Chief of Staff

**Allison Newhart**

Vice Chancellor and General Counsel

**Timothy Danielson**

Associate Vice Chancellor for Human Resources

**Julie Smith**

Vice Chancellor External Affairs, Partnerships, and Economic Development

## DEANS

**Garey Fox**

Dean of College of Agriculture and Life Sciences

**Peter Harries**

Dean of Graduate School

**Lewis Owen**

Dean of College of Sciences

**Mark Hoversten**

Dean of College of Design

**Deanna Dannels**

Dean of College of Humanities and Social Sciences

**David Hinks**

Dean of Wilson College of Textiles

**Paola Sztajn**

Dean of College of Education

**Frank Buckless**

Dean of Poole College of Management

**Doneka Scott**

Vice Chancellor and Dean for the Division of Academic and Student Affairs

**Jim Pfaendtner**

Dean of College of Engineering

**Myron Floyd**

Dean of College of Natural Resources

**Kate Meurs**

Dean of College of Veterinary Medicine



# FINANCIAL SECTION

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NORTH CAROLINA  
STATE UNIVERSITY

2025 ANNUAL  
FINANCIAL REPORT



North Carolina Office of the State Auditor

Dave Boliek, State Auditor

# Independent Auditor's Report

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Board of Trustees  
North Carolina State University  
Raleigh, 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 North Carolina State University (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 units, 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 North Carolina State University, and its discretely presented component units, 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 NC State Investment Fund, Inc., which represent 21 percent and 3 percent, respectively, of the assets and revenues of the business-type activities, and 92 percent and 45 percent, respectively, of the assets and revenues of the fiduciary activities; nor the financial statements of the North Carolina State University Foundation, Inc. or the North Carolina Agricultural Foundation, Inc., the University's discretely presented component units. 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 North Carolina State University 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.

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20601 Mail Service Center | Raleigh, NC 27699 | 919-807-7500 | [www.auditor.nc.gov](http://www.auditor.nc.gov)

### 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 and the statistical 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 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 12, 2025 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



Dave Boliek  
State Auditor

Raleigh, North Carolina

November 12, 2025

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# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Introduction

Management's Discussion and Analysis of the financial report provides an overview of the accompanying basic financial statements. It includes comparative financial analysis with discussion of significant changes from the prior year. The overview also includes information on currently known facts, decisions, or conditions affecting the financial affairs of the North Carolina State University (University).

As required by the GASB Statement No. 101, *Accounting for Compensated Absences*, the University restated the compensated absences liability at July 1, 2024, to remove salary-related payments for the employer share of contributions to the State's Pension and OPEB Defined Benefit Plans. Since this was a change in accounting principle, fiscal year 2024 balances were not restated in this section which may affect the comparability between fiscal years. For further information see Note 21, Net Position Restatement. The University determined that the sick leave provisions of GASB Statement No. 101 were immaterial to its financial statements.

## Financial Highlights

The University's net position increased by \$166.1 million or 9.1% to \$1.98 billion in fiscal year 2025. Net position represents the University's equity. It is the residual of all the other elements of the statement of financial position, the assets and deferred outflows of resources less liabilities and deferred inflows of resources.

Revenues (Operating and Nonoperating) increased by \$107.9 million or 5.1%, to \$2.23 billion in fiscal year 2025. Revenues represent amounts received or accrued that are either operating or nonoperating on the accompanying financial statements. Revenue growth is explained by significant growth in state appropriations, research contracts and grants, sales and services, noncapital grants and gifts due to moderate enrollment growth and the University's strong research capabilities and ability to attract external funding.

Expenses increased 10.8% in 2025, up \$214.1 million over fiscal year 2024 expenses. Expenses represent amounts paid or accrued for operating or nonoperating purposes. The largest increases were in Instruction, Research and Auxiliaries reflecting investments in faculty, highlighting the University's commitment to advancing knowledge and innovation.

## Using the Financial Statements

The University's financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. The University presents two sets of fund financial statements, 1) proprietary fund financial statements, which account for the University's primary activities and 2) fiduciary fund financial statements, which account for the University's custodial funds. See Note 1J for additional information regarding the University's fiduciary activities. Management's discussion and analysis concentrates on the University's Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position as condensed comparative financial information is not required for fiduciary activities.

The University is a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina and an integral part of the State's *Annual Comprehensive Financial Report*. The University blends two component units as if they were part of the University, and two entities are reported as discretely presented component units based on the nature and significance of their relationship to the University. Note 1A provides detailed information on the University's financial reporting entity.

The University's three financial statements are used to evaluate financial position as of June 30th and the results of operations for the fiscal year then ended. The *Statement of Net Position* provides information relative to the evaluation of financial position. The *Statement of Revenues, Expenses, and Changes in Net Position* provides information relative to the evaluation of the results of operations. Its ending net position agrees to the total net position on the *Statement of Net Position*.

The financial statements also include a *Statement of Cash Flows*. This statement is used to identify the University's sources and uses of cash. The ending cash on the *Statement of Cash Flows* agrees to the total cash reported on the *Statement of Net Position*. Also, this statement reconciles the net operating loss reported in the *Statement of Revenues, Expenses, and Changes in Net Position* to the net cash used by operating activities.

In using the financial statements, the *Notes to the Financial Statements* accompanying the financial statements should be read in conjunction with the financial statements. The notes provide information regarding the significant accounting

principles applied in the financial statements, authority for and associated risk of deposits and investments, detailed information on long-term liabilities, detailed information on accounts receivable, accounts payable, revenues and expenses, required information on pension plans and other postemployment benefits, insurance against losses, commitments and contingencies, and accounting changes. If necessary, the disclosures include a discussion of adjustments to prior periods and events subsequent to the University's financial statement period. Overall, these disclosures provide information to better understand details, risk, and uncertainty associated with amounts reported in the financial statements.

## Comparative Condensed Financial Statement Information

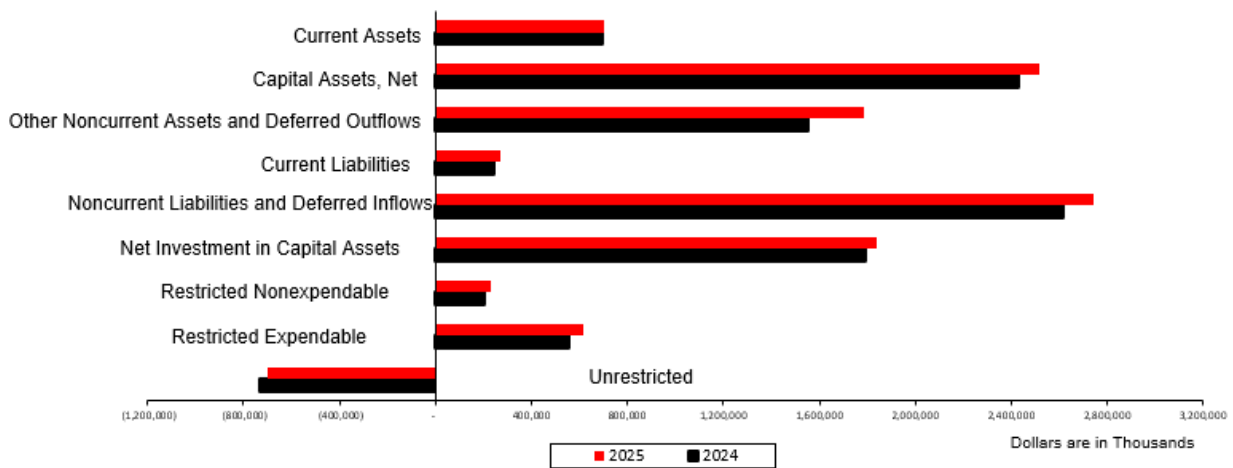
### Statement of Net Position

The *Statement of Net Position* provides information regarding the University's assets, deferred outflows and inflows of resources, liabilities, and net position as of June 30, 2025. Asset and liability balances are classified as either current or noncurrent. Assets classified as current are those that are available to pay current liabilities or current year expenditures. Liabilities classified as current are those that are due and payable in the next fiscal year. The net position balances are classified as either net investment in capital assets, restricted or unrestricted. In addition, net position balances classified as restricted are classified as either nonexpendable or expendable. Overall, the *Statement of Net Position* provides information to evaluate the financial strength of the University and its ability to meet current and long-term obligations.

The following is a comparative analysis on the condensed balances reported in the *Statement of Net Position* as of June 30, 2025 and as of June 30, 2024.

	2025	2024	Changes
<b>Assets</b>			
Current Assets	\$ 699,403,868	\$ 694,538,335	\$ 4,865,533
Capital Assets, Net	2,515,205,524	2,428,926,654	86,278,870
Other Noncurrent Assets	1,170,019,706	1,094,433,917	75,585,789
<b>Total Assets</b>	<b>4,384,629,098</b>	<b>4,217,898,906</b>	<b>166,730,192</b>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows Related to Asset Retirement Obligations	14,632,138	14,190,857	441,281
Deferred Outflows Related to Pensions	172,790,920	227,021,323	(54,230,403)
Deferred Outflows Related to OPEB	426,538,116	219,933,558	206,604,558
Total Deferred Outflows of Resources	613,961,174	461,145,738	152,815,436
<b>Liabilities</b>			
Current Liabilities	270,467,742	244,049,205	26,418,537
Noncurrent Liabilities			
Long-Term Liabilities	2,423,191,740	2,192,883,476	230,308,264
Other Noncurrent Liabilities	78,905,702	72,618,604	6,287,098
<b>Total Liabilities</b>	<b>2,772,565,184</b>	<b>2,509,551,285</b>	<b>263,013,899</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows Related to Pensions	2,970,595	8,387,565	(5,416,970)
Deferred Inflows Related to OPEB	198,698,438	310,913,156	(112,214,718)
Deferred Inflows for Leases	39,402,964	31,328,105	8,074,859
Total Deferred Inflows of Resources	241,071,997	350,628,826	(109,556,829)
<b>Net Position</b>			
Net Investment in Capital Assets	1,839,441,879	1,790,870,115	48,571,764
Restricted			
Nonexpendable	228,659,070	207,186,510	21,472,560
Expendable	613,949,448	555,639,849	58,309,599
Unrestricted	(697,097,306)	(734,831,941)	37,734,635
<b>Total Net Position</b>	<b>\$ 1,984,953,091</b>	<b>\$ 1,818,864,533</b>	<b>\$ 166,088,558</b>

The following graph illustrates the assets, deferred outflows, liabilities, deferred inflows and net position of the University as of June 30, 2025 as compared to June 30, 2024 balances.



Assets totaled \$4.38 billion, an increase of \$166.7 million over the prior year. Current assets increased by \$4.9 million in fiscal year 2025 mainly due to increased receivables relating to larger volume of federal contracts and grants.

The increase in net capital assets of \$86.3 million is due to increases in construction in progress (CIP), buildings and equipment offset by annual depreciation and amortization. See the capital assets section below for more details.

Other noncurrent assets increased \$75.6 million in fiscal year 2025. Endowment investments increased \$58.7 million due to unrealized and realized gains relating to market fluctuations. Other investments increased \$52.9 million primarily due to an increase in the University’s investment in the NC Investment Fund. Noncurrent restricted cash decreased \$45.1 million primarily due to spending bond proceeds on ongoing construction projects.

The deferred outflows of resources for the University’s asset retirement obligations, the deferred outflows for pensions and deferred outflows for other postemployment benefits (OPEB) are shown in a separate section of the financial statements. The deferred outflow for the asset retirement obligation is the University’s obligation and cost to retire the nuclear reactor on campus. The deferred outflows for pensions and OPEB accounts reflect the University’s allocated portion of deferred outflows for the Teachers’ and State Employees’ Retirement System (TSERS) cost-sharing pension plan and the State’s OPEB plans. Amounts in these accounts are amortized over time as pension and OPEB expenses. Deferred outflows of resources increased \$152.8 million in the current year primarily relating to pension and OPEB. The \$54.2 million decrease in the deferred outflows of pensions and the \$206.6 million increase in deferred outflows of OPEBs are due to changes in the pension and OPEB rate of return on investments in the plans as well as changes in assumptions and the University’s proportionate share of contributions to the plans.

Liabilities totaled \$2.77 billion, an increase of \$263.0 million over the prior year. Current liabilities totaled \$270.5 million and increased by \$26.4 million. These liabilities include accounts payable and accrued liabilities, payables to other entities, unearned revenue, interest payable, leases payable, subscription payables, employee benefits payables and the current portion of University debt. Unearned revenue increased \$10.7 million due to increases in football tickets sales and contract and grants and accounts payable increased \$12.1 million primarily due to increases in construction payables, severance payables and federal subcontract payables. The remaining \$3.4 million increase is due primarily to increases in the current portion of bonds payable and subscription liabilities.

Noncurrent liabilities totaled \$2.50 billion, and include accounts payable and accrued liabilities, deposits payable, funds held for other entities, unearned revenue, and long-term liabilities. The primary factor in the \$236.6 million increase in noncurrent liabilities was due to the net OPEB liability increase of \$295.3 million which was offset by the decrease of \$25.5 million in the net pension liability for the TSERS plan, which was the result of the difference between the projected, and actual investment earnings and assumption changes in both plans. Other changes include a pollution remediation increase of \$9.8 million for Poe Hall, decrease of \$25 million in revenue bonds, bonds from direct placement and notes payable due to annual payments, decrease of \$10.7 million due to restatement for duplication of pension/OPEB benefits.

Deferred inflows for pensions, deferred inflows for OPEB, and deferred inflows for leases are shown in a separate section in the financial statements. The \$109.6 million net decrease in deferred inflows for pension, OPEB and leases is driven primarily by the change in pension and OPEB liabilities related to the difference between projected and actual investment earnings and assumption changes. These deferred inflows for pensions and OPEB are amortized over time as pension

expense and OPEB expense.

Net position totaled \$1.98 billion, an increase of \$166.1 million over the prior year. The negative unrestricted net position balance decreased by \$37.7 million mainly due to fluctuations in Pension and OPEB reporting. Net investment in capital assets increased \$48.6 million due to increases in capital projects. Restricted nonexpendable net position increased \$21.5 million, driven mainly by the increase in gifts for professorships and the State matching for professorships. Restricted expendable net position increased \$58.3 million, driven mainly by increases in investment returns and the completed funding of new professorships.

As reported in Note 11, the total impact from reporting the OPEB and pension plan obligations at June 30, 2025 was a negative \$1.26 billion. The difference between the net effect amount reported in Note 11 and the unrestricted net position reported on the financial statements (a deficit of \$697.1 million) is a positive \$559.4 million. This positive difference represents unrestricted funds held by the University in its institutional trust, special, debt, and investment funds, as well as any unrestricted funds held by the University's blended component units.

The University's current assets are more than sufficient to cover current liabilities, with a ratio of 2.6 times compared to 2.8 times in the prior year. The University's total assets are more than the University's liabilities with a ratio 1.6 times as compared to 1.7 times in the prior year. These financial ratios are indicators of the University's financial strength and its ability to meet current and long-term obligations.

## Statement of Revenues, Expenses, and Changes in Net Position

The *Statement of Revenues, Expenses, and Changes in Net Position* provides information regarding the University's activities for the year ended June 30, 2025. The activity balances are classified as operating, nonoperating, or other revenues, expense, gains or losses. Activities classified as operating include all revenues of the University except those considered nonoperating, or those associated with funds received to enhance capital assets or permanent endowments. Operating expenses are all expenses except those related to interest expense on financing activities, loss on disposal of capital assets, and investment expenses (shown as net against investment income). Activities classified as nonoperating include state appropriations, noncapital contributions, investment income (net of investment expenses), and gains or losses on disposal of capital assets. Activities classified as other include capital appropriations, capital contributions and additions to permanent endowments. Overall, the *Statement of Revenues, Expenses, and Changes in Net Position* provides information to evaluate the University's management of operations and maintenance of financial strength.

The following is a comparative analysis on the condensed balances reported in the *Statement of Revenues, Expenses, and Changes in Net Position* for the fiscal years ended June 30, 2025, and June 30, 2024.

	2025	2024	Changes
<b>Operating Revenues</b>			
Student Tuition and Fees, Net	\$ 357,544,035	\$ 382,028,940	\$ (24,484,905)
Federal Appropriations	24,763,935	23,509,984	1,253,951
Grants and Contracts	463,149,507	419,213,467	43,936,040
Sales and Services, Net	379,974,184	345,722,620	34,251,564
Other, Net	22,872,467	25,780,207	(2,907,740)
<b>Total Operating Revenues</b>	<b>1,248,304,128</b>	<b>1,196,255,218</b>	<b>52,048,910</b>
<b>Operating Expenses</b>			
Salaries and Benefits	1,344,000,225	1,216,561,721	127,438,504
Supplies and Services	569,784,000	503,314,385	66,469,615
Scholarships and Fellowships	56,148,839	55,645,018	503,821
Utilities	43,864,879	37,160,030	6,704,849
Depreciation/Amortization	159,446,506	153,764,780	5,681,726
<b>Total Operating Expenses</b>	<b>2,173,244,449</b>	<b>1,966,445,934</b>	<b>206,798,515</b>
<b>Operating Loss</b>	<b>(924,940,321)</b>	<b>(770,190,716)</b>	<b>(154,749,605)</b>
<b>Nonoperating Revenues (Expenses)</b>			
State Appropriations	677,903,929	658,859,310	19,044,619
Student Financial Aid	73,586,843	51,058,268	22,528,575
Other Noncapital Aid and Contributions	121,029,083	116,975,831	4,053,252
Investment Income, Net	107,890,460	96,356,061	11,534,399
Interest and Fees on Debt	(21,633,299)	(17,744,195)	(3,889,104)
Other	(3,421,900)	1,358,166	(4,780,066)
<b>Net Nonoperating Revenues</b>	<b>955,355,116</b>	<b>906,863,441</b>	<b>48,491,675</b>
<b>Income Before Other Revenues</b>	<b>30,414,795</b>	<b>136,672,725</b>	<b>(106,257,930)</b>
Capital Appropriations and Contributions	102,975,537	82,032,724	20,942,813
Additions to Endowments	19,670,906	18,376,294	1,294,612
<b>Increase in Net Position</b>	<b>153,061,238</b>	<b>237,081,743</b>	<b>(84,020,505)</b>
<b>Prior Period Restatement</b>	<b>13,027,320</b>	<b>20,304,719</b>	<b>(7,277,399)</b>
<b>Beginning Net Position</b>	<b>1,818,864,533</b>	<b>1,561,478,071</b>	<b>257,386,462</b>
<b>Ending Net Position</b>	<b>\$ 1,984,953,091</b>	<b>\$ 1,818,864,553</b>	<b>\$ 166,088,558</b>

Fiscal year 2024-2025 total revenues are \$2,351,360,886 and total expenses are \$2,198,299,648.  
Fiscal year 2023-2024 total revenues are \$2,221,271,872 and total expenses are \$1,984,190,129.

## Operating and Nonoperating Activities

The following illustrates the relationships of operating and nonoperating revenue sources and expense functions to total revenues/expenses for the fiscal year 2025 and 2024, and the consistency of relationships between the two years.

### OPERATING AND NONOPERATING REVENUES

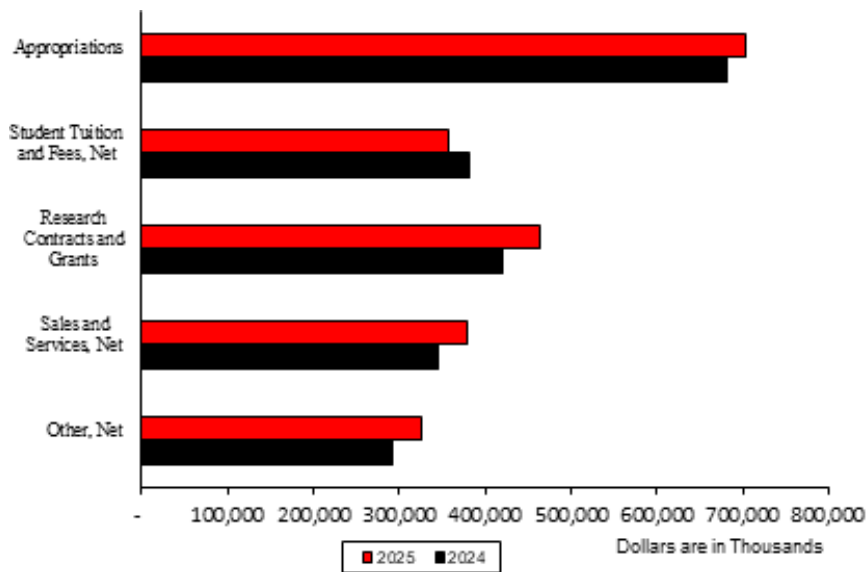
Title	% to Total 2025	% to Total 2024
State Appropriations	30%	32%
Research Contracts and Grants	21%	20%
Student Tuition and Fees, Net	16%	18%
Sales and Services, Net	17%	16%
Noncapital Aid and Contributions	9%	8%
Federal Appropriations	1%	1%
Other, Net	6%	5%
Total	100%	100%

### OPERATING AND NONOPERATING EXPENSES

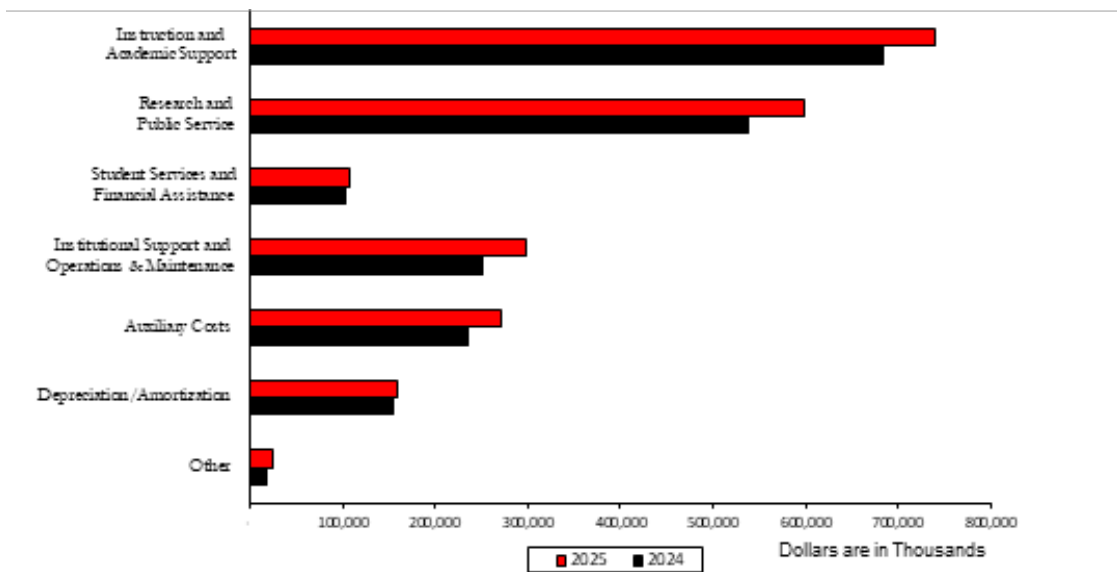
Title	% to Total 2025	% to Total 2024
Instruction	29%	29%
Research	20%	19%
Public Service	8%	8%
Auxiliary Enterprises	12%	12%
Operations & Maintenance of Plant	6%	5%
Academic Support	5%	6%
Institutional Support	7%	7%
Depreciation/Amortization	7%	8%
Student Financial Aid	3%	3%
Student Services	2%	2%
Other	1%	1%
Total	100%	100%

The following graphs illustrate the University's operating and nonoperating revenues/expenses by source/function (*in thousands*).

### OPERATING AND NONOPERATING REVENUES



### OPERATING AND NONOPERATING EXPENSES



Total revenues (operating, nonoperating, and other) increased \$130.1 million or 5.9% compared to the prior year. Operating revenue increased \$52.0 million mainly due to increases in sales and services and contract and grants. Research contracts and grants increased by \$43.9 million, primarily due to increases in grants in College of Agriculture and Life Sciences, College of Sciences and College of Engineering from the Department of Defense, the Department of Health and Human Services and the National Science Foundation. Sales and services increased \$34.3 million due to increased housing and dining and athletic ticket sales while tuition and fees decreased \$24.5 million in current year. While there was overall enrollment increase this was offset by the implementation of the NACUBO (National Association of College and University Business Officers) revisions to the prescribed methodology for calculating scholarship discounts and allowances. Nonoperating revenue increased \$48.5 million mainly due to increases in student financial aid of \$22.5 million relating to Pell grants and UNC Need Based grants and additional state appropriations of \$19.0 million due to enrollment increases. Investment income increased \$11.5 million due to market gains while other revenue increased \$21.6 million mainly due to increases in capital contributions of \$20.4 million due to increases in gifts to Athletics and foundations.

Total expenses (operating and nonoperating) increased \$214.1 million or 10.8% compared to the prior year. Salaries and benefits increased \$127.4 million due to a 3% legislative increase and increases in pension and OPEB expenses. Supplies and services increased \$66.5 million primarily driven by a \$48.5 million increase in services relating to service contracts reflecting continued investment in faculty and support programs. Supplies and materials increased by \$18.0 million due to increases in purchases for resale and minor equipment. Utilities increased \$6.7 million in line with increased energy costs. Depreciation and amortization increased \$5.7 million due to asset additions during the year as shown below.

## Capital Assets

As shown in the following table, the University increased its net capital assets by \$86.3 million or 3.6% during fiscal year 2025.

	2025	2024 (as restated)	Changes
Land and Permanent Easements	\$ 93,399,083	\$ 91,143,279	\$ 2,255,804
Construction in Progress	256,418,154	143,163,318	113,254,836
Computer Software in Development	831,121	1,637,277	(806,156)
Buildings	2,880,736,334	2,858,662,690	22,073,644
Machinery and Equipment	592,292,437	564,119,001	28,173,436
General Infrastructure	329,474,794	294,840,729	34,634,065
Computer Software	56,146,895	51,901,249	4,245,646
Right-to-Use Leased Buildings	120,921,980	113,142,829	7,779,151
Right-to-Use Leased Machinery and Equipment	18,397,729	18,645,389	(247,660)
Right-to-Use Subscription Assets	17,987,624	16,155,637	1,831,987
Total Capital Assets	4,366,606,151	4,153,411,398	213,194,753
Accumulated Depreciation/Amortization	(1,851,400,627)	(1,724,484,744)	(126,915,883)
Net Capital Assets	\$ 2,515,205,524	\$ 2,428,926,654	\$ 86,278,870

During fiscal year 2025, the University continued construction on new facilities and renovations to modernize the campus. Funding for these improvements came from funds provided by University debt financing and other capital funding from the State of North Carolina.

Several large capital projects, including major renovations to academic buildings and infrastructure additions and upgrades were completed during fiscal year 2025. Included in these projects was a complete interior renovation and abatement to Mann Hall which will facilitate new classroom and study spaces, and a new laboratory and Esports arena. Additionally, the renovation of Nelson Hall added a 90-person high-tech active learning environment, a 32-person flexible classroom, open collaboration spaces, student meeting rooms and a conference room. The College of Veterinary Medicine added a new 3,600-square-foot Translational Research Facility, outfitted with advanced technologies. This new facility bridges the gap between laboratory discoveries and real-world clinical applications in animal health, allowing NC State to expand its impact by supporting groundbreaking research and delivering world-class animal care.

Infrastructure upgrades included the Varsity Parking lot expansion designed to meet anticipated engineering and computer science student growth. This project received national recognition, and was awarded the Apex Award for Surface Parking Facility Design at the IPMI Conference and Expo for the project's use of sustainable building methods such as recycled ma-

materials from demolition, 100% clean concrete and harvested local river rock, and the project’s consideration for pedestrian and vehicular flow and micro-mobility.

Machinery and equipment increased primarily due to purchases for research and academic and veterinary medicine programs and includes laboratory, imaging and computing equipment.

## Long-Term Debt Activities

The University incurs long-term debt to finance construction projects and to purchase or lease equipment. As shown in the following table, the University decreased its long-term debt during fiscal year 2025.

	2025	2024	Changes
Revenue Bonds and Bonds from Direct Placements	\$ 578,359,945	\$ 605,768,749	\$ (27,408,804)
Notes from Direct Borrowings	26,338,875	33,533,006	(7,194,131)
<b>Total Long-Term Debt</b>	<b>\$ 604,698,820</b>	<b>\$ 639,301,755</b>	<b>\$ (34,602,935)</b>

Long-term debt decreased \$34.6 million or 5.4%, due to regular principal payments.

## Economic Factors That Will Affect the Future

NC State University is the largest public university provider in the State of North Carolina and remains financially sound with a diversified base of revenues, comprising five major sources: these include tuition and fees, state appropriations, grants and contracts, gifts and endowment income, and sales and services. Over 16,000 jobs were created by the University’s efforts in economic development during the last fiscal year. The University’s legacy of groundbreaking research and innovation is a cornerstone of its reputation. The University’s ability to secure research grants, foster collaborations with industry partners, and drive technological advancements will continue to be a driving force for economic growth in the region.

The state budget for the current biennium budget (Fiscal Year 2026 and 2027) has not been finalized as of the date of this report. While a full budget for the 2025-26 fiscal year is still being developed, proposals in Spring 2025 included a 3% salary increase for state employees and a raise for teachers. The State of North Carolina provides significant operational support in the form of annual state appropriations, and one-time and recurring capital support to NC State. (The House’s budget also includes approximately \$4.8 billion for the UNC System.) State appropriations for operations increased in fiscal 2025 primarily for public education. State appropriations for Fiscal Year 2025, recorded at \$677,903,929, increased by 3% compared to FY 2024. The state also provides significant capital support for buildings on campus and for building reserves associated with state-funded buildings. In fiscal year 2022, the NC General Assembly initiated a multi-year funding plan for the Engineering NC’s Future Initiative. This initiative supports the University’s growth in the engineering and computer science programs by 4,000 students. In 2025, NC State is halfway to its goal of increasing Engineering enrollment by 4,000 students. The UNC System has identified in its strategic priorities an additional appropriation of \$4.9 million for NC State engineering expansion to be included in the State budget for the upcoming fiscal years (2025-2026, 2026-2027).

The University’s ability to attract and retain a student population, encompassing undergraduates, graduates, and non-degree-seeking students, significantly impacts its academic and financial health. For the fall semester, as of September 2025, the University enrolled more than 39,000 students. For the sixth consecutive year, the University welcomed a record-setting fall class, with 5,903 first-year students. The UNC System remains committed to affordability and access, and the University’s low student tuition and fees continue to result in high demand and a consistent rating as one of the nation’s best values in higher education. The University implemented a Fixed Tuition Program as required by North Carolina General Statute § 116-143.9. Beginning with the fall semester of 2016, tuition rates at UNC institutions were fixed for nine consecutive semesters for all resident bachelor’s degree-seeking freshmen. In addition, the University has not increased resident undergraduate tuition for nine consecutive years. Mandatory student fees are subject to a 3% annual cap on increases. However, mandatory fees have decreased over the past five years with the expiration of some debt service fees. For FY 2025, the total student fees for both undergraduate and graduate students decreased by \$92. The University’s total student charges make it one of the nation’s largest, most affordable land-grant institutions.

Investments in infrastructure, including capital projects, are linchpins for academic excellence and research capabilities. Modernized classrooms, state-of-the-art research facilities, and enhanced student amenities create an environment con-

ducive to innovation and learning. The University closed its fiscal year 2025 with an endowment that had reached a record high of \$2.54 billion, an increase of \$320 million over the prior year. This growth reflects exceptional donor generosity and engagement, as well as strong long-term investment performance. Over the past decade, the endowment has grown by more than \$1.54 billion and now provides over \$86.5 million in annual support to the university. The university will continue to build on the success of the campaign. Further evidence of our fundraising success can be found with our annual Day of Giving in March 2025, which raised over \$50 million from 18,565 gifts, marking its second-highest total in both dollars and number of gifts. This is positioning the University as one of the top in the nation for Day of Giving initiatives. In addition, the University has made significant progress on multiple capital projects across campus as part of its Physical Master Plan. This includes the \$180 million Woodson Hall, which is the central pillar in NC State's Integrative Sciences Initiative, and will provide vital space for STEM teaching and research.

The University is an engine for research and innovation, and the world continues to take notice. Fiscal year 2025 saw NC State continue to secure significant grant funding, including a five-year, \$30 million award from the Bezos Earth Fund to lead a center for sustainable protein. The university also received a \$39.4 million grant from the Department of Defense to establish a microelectronics innovation hub. While the total figures are still being compiled, NC State's ongoing research enterprise is fueling the economy. The university's thriving Centennial Campus also continues to foster partnerships with innovative companies. The University continues with its strategic plan, "Wolfpack 2030: Powering the Extraordinary" and information about the goals and initiatives can be found here: <https://strategicplan.ncsu.edu/current-plan/wolfpack-2030-powering-the-extraordinary/>.

# UNIVERSITY FINANCIAL STATEMENTS

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NORTH CAROLINA  
STATE UNIVERSITY

2025 ANNUAL  
FINANCIAL REPORT

**NORTH CAROLINA STATE UNIVERSITY**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2025**

Exhibit A-1  
Page 1 of 2

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 308,581,974
Restricted Cash and Cash Equivalents	223,338,046
Receivables, Net (Note 5)	133,116,091
Due from Primary Government	18,365,088
Due from State of North Carolina Component Units	3,676,348
Inventories	8,724,094
Notes Receivable, Net (Note 5)	992,709
Leases Receivable	<u>2,609,518</u>
<b>Total Current Assets</b>	<b><u>699,403,868</u></b>

Noncurrent Assets:

Restricted Cash and Cash Equivalents	215,543,085
Endowment Investments	645,328,218
Other Investments	268,761,098
Notes Receivable, Net (Note 5)	655,586
Leases Receivable	38,388,006
Net Other Postemployment Benefits Asset	1,343,713
Capital Assets - Nondepreciable (Note 6)	350,648,359
Capital Assets - Depreciable, Net (Note 6)	<u>2,164,557,165</u>
<b>Total Noncurrent Assets</b>	<b><u>3,685,225,230</u></b>

Total Assets

4,384,629,098

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows Related to Asset Retirement Obligations	14,632,138
Deferred Outflows Related to Pensions (Note 14)	172,790,920
Deferred Outflows Related to Other Postemployment Benefits (Note 15)	<u>426,538,116</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>613,961,174</u></b>

**LIABILITIES**

Current Liabilities:

Accounts Payable and Accrued Liabilities (Note 7)	81,091,860
Due to Primary Government	14,763,071
Due to State of North Carolina Component Units	875,619
Unearned Revenue	106,628,393
Interest Payable	6,448,097
Long-Term Liabilities - Current Portion (Note 9)	<u>60,660,702</u>
<b>Total Current Liabilities</b>	<b><u>270,467,742</u></b>

Noncurrent Liabilities:

Accounts Payable	5,875,157
Deposits Payable	8,366,378
Funds Held for Others	3,351,815
Unearned Revenue	61,312,352
Long-Term Liabilities, Net (Note 9)	<u>2,423,191,740</u>

Total Noncurrent Liabilities

2,502,097,442

Total Liabilities

2,772,565,184

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows Related to Pensions (Note 14)	2,970,595
Deferred Inflows Related to Other Postemployment Benefits (Note 15)	198,698,438
Deferred Inflows for Leases	<u>39,402,964</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>241,071,997</u></b>

**NORTH CAROLINA STATE UNIVERSITY**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2025**

Exhibit A-1  
Page 2 of 2

**NET POSITION**

Net Investment in Capital Assets	1,839,441,879
Restricted	
Nonexpendable:	
Scholarships and Fellowships	15,478,609
Endowed Professorships	198,974,493
Departmental Uses	12,050,121
Loans	<u>2,155,847</u>
Total Restricted-Nonexpendable Net Position	<u>228,659,070</u>
Expendable:	
Scholarships and Fellowships	59,921,824
Research	41,012,420
Endowed Professorships	234,333,593
Departmental Uses	128,119,129
Loans	584,207
Capital Projects	135,533,467
Debt Service	<u>14,444,808</u>
Total Restricted-Expendable Net Position	<u>613,949,448</u>
Unrestricted	<u>(697,097,306)</u>
Total Net Position	<u>\$ 1,984,953,091</u>

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

**NORTH CAROLINA STATE UNIVERSITY**  
**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 12)	\$ 357,544,035
Federal Appropriations	24,763,935
Federal Grants and Contracts	283,870,555
State and Local Grants and Contracts	55,092,780
Nongovernmental Grants and Contracts	124,186,172
Sales and Services, Net (Note 12)	379,974,184
Interest Earnings on Loans	73,133
Other Operating Revenues, Net (Note 12)	22,799,334
	<hr/>
Total Operating Revenues	1,248,304,128

**OPERATING EXPENSES**

Salaries and Benefits	1,344,000,225
Supplies and Services	569,784,000
Scholarships and Fellowships	56,148,839
Utilities	43,864,879
Depreciation/Amortization	159,446,506
	<hr/>
Total Operating Expenses	2,173,244,449
	<hr/>
Operating Loss	(924,940,321)

**NONOPERATING REVENUES (EXPENSES)**

State Appropriations	677,903,929
Student Financial Aid	73,586,843
Noncapital Contributions	121,029,083
Investment Income (Net of Investment Expense of \$10,436,159)	107,890,460
Interest and Fees on Debt	(21,633,299)
Other Nonoperating Expenses	(3,421,900)
	<hr/>
Net Nonoperating Revenues	955,355,116
	<hr/>
Income Before Other Revenues	30,414,795
	<hr/>
Capital Appropriations	585,000
Capital Contributions	102,390,537
Additions to Endowments	19,670,906
	<hr/>
Total Other Revenues	122,646,443
	<hr/>
Increase in Net Position	153,061,238

**NET POSITION**

Net Position - July 1, 2024, as Restated (Note 21)	1,831,891,853
	<hr/>
Net Position - June 30, 2025	\$ 1,984,953,091
	<hr/> <hr/>

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

**NORTH CAROLINA STATE UNIVERSITY**  
**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	\$ 1,233,229,299
Payments to Employees and Fringe Benefits	(1,334,836,200)
Payments to Vendors and Suppliers	(597,145,976)
Payments for Scholarships and Fellowships	(56,148,839)
Loans Issued	(55,747)
Collection of Loans	633,980
Interest Earned on Loans	73,511
William D. Ford Direct Lending Receipts	111,682,236
William D. Ford Direct Lending Disbursements	(112,264,171)
Related Activity Agency Receipts	72,886,377
Related Activity Agency Disbursements	(72,724,822)
Other Receipts	18,875,382
	<hr/>
Net Cash Used by Operating Activities	(735,794,970)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State Appropriations	677,903,929
Student Financial Aid	73,586,843
Noncapital Contributions	122,754,529
Additions to Endowments	19,670,906
	<hr/>
Cash Provided by Noncapital Financing Activities	893,916,207

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

Capital Appropriations	585,000
Capital Contributions	101,703,363
Proceeds from Sale of Capital Assets	815,828
Proceeds from Insurance on Capital Assets	118,282
Proceeds from Lease Arrangements	5,595,771
Acquisition and Construction of Capital Assets	(233,000,091)
Principal Paid on Capital Debt and Lease/Subscription Liabilities	(52,059,665)
Interest and Fees Paid on Capital Debt and Lease/Subscription Liabilities	(22,806,747)
	<hr/>
Net Cash Used by Capital Financing and Related Financing Activities	(199,048,259)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sales and Maturities of Investments	215,807,960
Investment Income	46,035,578
Purchase of Investments and Related Fees	(266,560,569)
	<hr/>
Net Cash Used by Investing Activities	(4,717,031)
	<hr/>
Net Decrease in Cash and Cash Equivalents	(45,644,053)
	<hr/>
Cash and Cash Equivalents - July 1, 2024	793,107,158
	<hr/>
Cash and Cash Equivalents - June 30, 2025	\$ 747,463,105

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

Operating Loss	\$ (924,940,321)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation/Amortization Expense	159,446,506
Lease Income (Amortized Deferred Inflows of Resources)	(3,923,951)
Other Nonoperating Income	1,532,809
Changes in Assets and Deferred Outflows of Resources:	
Receivables, Net	(5,909,587)
Inventories	(917,934)
Notes Receivable, Net	597,690
Net Other Postemployment Benefits Asset	(1,343,713)
Deferred Outflows Related to Asset Retirement Obligations	(441,281)
Deferred Outflows Related to Pensions	54,230,403
Deferred Outflows Related to Other Postemployment Benefits	(206,604,558)
Changes in Liabilities and Deferred Inflows of Resources:	
Accounts Payable and Accrued Liabilities	9,397,508
Due to Primary Government	207,119
Due to State of North Carolina Component Units	(903,179)
Funds Held for Others	161,555
Unearned Revenue	9,170,829
Net Pension Liability	(25,490,694)
Net Other Postemployment Benefits Liability	295,663,365
Pollution Remediation Payable	14,854,669
Asset Retirement Obligation	826,337
Compensated Absences	2,020,260
Deposits Payable	2,365,903
Workers' Compensation Liability	1,836,983
Deferred Inflows Related to Pensions	(5,416,970)
Deferred Inflows Related to Other Postemployment Benefits	(112,214,718)
Net Cash Used by Operating Activities	<u>\$ (735,794,970)</u>

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

Assets Acquired through the Assumption of a Liability	\$ 23,263,588
Assets Acquired through a Gift	687,174
Change in Fair Value of Investments	60,905,663
Loss on Disposal of Capital Assets	(9,639,064)
Amortization of Bond Premiums	(2,033,860)
Increase in Receivables Related to Nonoperating/Other Revenues	949,220
Increase in Payables Related to Nonoperating/Other Revenues	862,663
Decrease in Net Other Postemployment Benefits Liability Related to Noncapital Contributions	(399,276)
Decrease in Liabilities Due to Early Termination of Subscriptions	(3,120,179)

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

**NORTH CAROLINA STATE UNIVERSITY**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds - Custodial Funds**  
**June 30, 2025**

Exhibit B-1

	External Investment Pool Funds	Other Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ -	\$ 56,810,610
Investments (Note 2):		
Intermediate Investments	27,046,877	-
Long-Term Investments	590,778,216	-
	<hr/>	<hr/>
Total Assets	617,825,093	56,810,610
	<hr/>	<hr/>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Total Deferred Outflows of Resources	-	-
	<hr/>	<hr/>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	-	-
	<hr/>	<hr/>
Total Liabilities	-	-
	<hr/>	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Total Deferred Inflows of Resources	-	-
	<hr/>	<hr/>
<b>NET POSITION</b>		
Restricted for:		
Pool Participants	617,825,093	-
Individuals/Affiliated Organizations	-	56,810,610
	<hr/>	<hr/>
Total Fiduciary Net Position	\$ 617,825,093	\$ 56,810,610
	<hr/> <hr/>	<hr/> <hr/>

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

**NORTH CAROLINA STATE UNIVERSITY**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds - Custodial Funds**  
**For Fiscal Year Ended June 30, 2025**

Exhibit B-2

	External Investment Pool Funds	Other Funds
<b>ADDITIONS</b>		
Contributions:		
Pool Participants	\$ 42,704,890	\$ -
Individuals/Affiliated Organizations	-	119,254,918
<b>Total Contributions</b>	<b>42,704,890</b>	<b>119,254,918</b>
Investment Activity:		
Investment Income	56,833,667	1,675,250
<b>Total Additions</b>	<b>99,538,557</b>	<b>120,930,168</b>
<b>DEDUCTIONS</b>		
Withdrawals and Distributions	24,437,788	80,028,151
<b>Increase in Fiduciary Net Position</b>	<b>75,100,769</b>	<b>40,902,017</b>
<b>NET POSITION</b>		
Net Position - July 1, 2024	542,724,324	15,908,593
Net Position - June 30, 2025	\$ 617,825,093	\$ 56,810,610

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

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COMPONENT  
UNIT  
FINANCIAL  
STATEMENTS

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NORTH CAROLINA  
STATE UNIVERSITY

2025 ANNUAL  
FINANCIAL REPORT

**NORTH CAROLINA STATE UNIVERSITY FOUNDATIONS**  
**Statement of Financial Position**  
**June 30, 2025**

Exhibit C-1

	North Carolina State University Foundation, Inc.	The North Carolina Agricultural Foundation, Inc.
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 57,242,850	\$ 42,709,248
Intermediate Investments	23,681,324	28,562,197
Long-Term Investments	799,753,022	188,957,850
Assets Held in Charitable Trusts and Annuities	6,249,858	-
Donated Property and Land	11,350	31,960,151
Receivables, Net	49,688	255,916
Pledges Receivable/Promises, Net	23,422,531	3,284,733
Property and Equipment, Net	33,267	126,690
Other Assets	234,316	24,299
	<hr/>	<hr/>
Total Assets	\$ 910,678,206	\$ 295,881,084
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 598,830	\$ 400,969
Due to Others	238,744	-
Life Income Funds Payable	8,251,165	5,474,742
Deferred Revenue	-	10,768,913
Funds Held for Others	51,775	191,793
	<hr/>	<hr/>
Total Liabilities	9,140,514	16,836,417
<b>NET ASSETS</b>		
Without Donor Restrictions	24,689,048	11,343,170
With Donor Restrictions	876,848,644	267,701,497
	<hr/>	<hr/>
Total Net Assets	901,537,692	279,044,667
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 910,678,206	\$ 295,881,084

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

**NORTH CAROLINA STATE UNIVERSITY FOUNDATIONS**

**Statement of Activities**

For the Fiscal Year Ended June 30, 2025

Exhibit C-2

	North Carolina State University Foundation, Inc.	The North Carolina Agricultural Foundation, Inc.
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Revenues and Gains:		
Contributions	\$ 59,920	\$ 159,080
Donated Services and Salaries	1,317,000	2,157,000
Loss on Disposal of Assets	(5,015,940)	-
Net Investment Income	6,285,226	4,290,162
Other Income	1,622,260	2
Net Assets Released from Restrictions: Program or Time Restrictions	50,112,353	22,337,271
<b>Total Revenues and Gains Without Donor Restrictions</b>	<b>54,380,819</b>	<b>28,943,515</b>
Expenses:		
Scholarships and Fellowships	21,140,338	4,007,402
University Support	19,061,140	15,952,705
Capital Support	500,000	2,127,125
Administrative	359,044	294,500
Fund Raising	12,271,576	2,979,172
Other	1,502,718	(208,757)
<b>Total Expenses</b>	<b>54,834,816</b>	<b>25,152,147</b>
<b>Increase (Decrease) in Net Assets Without Donor Restrictions</b>	<b>(453,997)</b>	<b>3,791,368</b>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	133,080,524	16,818,333
Grant Revenue	-	2,889,410
Change in Pledges Receivables	(1,779,047)	(1,614,836)
Loss on Disposal of Assets	(997,178)	(498,505)
Net Investment Income	68,792,162	17,211,998
Royalties	-	421,842
Change in Value of Split Interest Agreements and Trusts	(796,634)	(312,302)
Other Income	7,440,351	1,089,896
Net Assets Released from Restrictions: Program or Time Restrictions	(50,112,353)	(22,337,271)
<b>Increase in Net Assets With Donor Restrictions</b>	<b>155,627,825</b>	<b>13,668,555</b>
<b>Increase in Net Assets</b>	<b>155,173,828</b>	<b>17,459,933</b>
<b>Net Assets at Beginning of Year</b>	<b>746,363,864</b>	<b>261,584,734</b>
<b>Net Assets at End of Year</b>	<b>\$ 901,537,692</b>	<b>\$ 279,044,667</b>

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



# INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS

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## 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. North Carolina State University (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 Units** - Although legally separate, the NC State Investment Fund, Inc. (Investment Fund) and the NC State University Partnership Corporation (Corporation), component units of the University, are reported as if they were part of the University.

The Investment Fund is governed by a board consisting of nine ex officio appointed members and nine elected members. The Investment Fund's purpose is to support the University by operating an investment fund for charitable, nonprofit foundations, associations, trusts, endowments, and funds that are organized and operated primarily to support the University. The Investment Fund is a governmental external investment pool. Because the Fund's Board consists of University employees and directors appointed by the members of the North Carolina State University Board of Trustees and the Investment Fund's primary purpose is to benefit North Carolina State University, its financial statements have been blended with those of the University.

The Corporation is governed by a four-member Board of Directors appointed based on their positions held with North Carolina State University. Additional members of the board may be appointed by the Chancellor of North Carolina State University. The Corporation's purpose is to support and benefit the University with the aim of creating new knowledge and improving the lives of the people of North Carolina. The Corporation formed NC State University Centennial Development, LLC on January 25, 2002 to construct, own and operate a golf course located on the North Carolina State University Centennial Campus. In addition, the Corporation formed NC State Upfit, LLC on October 27, 2006 to develop, construct, own, finance, manage and otherwise upfit facilities and other infrastructure on Centennial Campus. Also, the Corporation formed NC State CBC Land I, LLC on June 1, 2007 to acquire, develop, own, lease, hold, manage, sell, and otherwise exercise all right of ownership of land and flex lab facilities on Centennial Biomedical Campus. Additionally, the Corporation formed NC State American Home, LLC on August 8, 2007 and changed its name to Bell Tower Holdings LLC on December 14, 2009. The purposes of Bell Tower Holdings LLC are to acquire, develop, own, lease, hold, manage, sell and otherwise exercise all right of ownership of real property and enter into any related agreements for assisting with the acquisition, development, financing, construction, management and operation of real property. On March 31, 2008 the Corporation formed NC State CC Holdings I, LLC to acquire, develop, own, lease, hold, manage, sell and otherwise exercise all right of ownership of land and facilities on Centennial Campus. Leaders in Innovation and Nonwovens Commercialization, LLC (LINC), was established on July 9, 2012 to foster economic development and creation of new knowledge by facilitating commercialization of technologies developed at the Nonwovens Institute at NC State University. On September 27, 2016, the Corporation established the Wolfpack Investor Network, LLC (WIN) to connect the NC State alumni network with the NC State entrepreneurial community. C2I, LLC was formed on December 21, 2018 to act as an intermediary between the University and private parties in connection with certain real estate operations, execute innovation space management agreements, and procure resources for enhanced innovation activation and programming. On February 19, 2020, NC State Research, LLC was formed to manage, operate, host and oversee research related operations, unity, activities and initiatives of North Carolina State University faculty, departments, centers and institutes, as well as federal agencies. Because the Corporation's Board consists of University employees and members appointed by the Chancellor and its sole purpose is to support and benefit the University, the Corporation and the LLCs are considered part of the University for financial reporting purposes.

Separate financial statements for the Investment Fund and for the Corporation and the LLCs may be obtained from the Foundations Accounting and Investments Office, Campus Box 7207, Raleigh, NC 27695, or by calling (919) 513-7149.

Condensed combining information regarding blended component units is provided in Note 19.

**Discretely Presented Component Units** - The North Carolina State University Foundation, Inc. (Foundation) and The North Carolina Agricultural Foundation, Inc. (Agricultural Foundation) are legally separate nonprofit corporations and are reported as discretely presented component units based on the nature and significance of their relationship to the University.

The Foundation and Agricultural Foundation are legally separate, tax-exempt component units of the University. These entities act primarily as fund-raising organizations to supplement the resources that are available to the University in support of its programs. Separate Boards of Directors govern these entities independent of the University's Board of Trustees. Although the University does not control the timing or amount of receipts from these entities, the majority of resources, or income thereon that these entities hold and invest are restricted to the activities of the University by the donors. Because these restricted resources held by these entities can only be used by, or for the benefit of the University, these entities are considered component units of the University and are reported in separate financial statements because of the difference in their reporting model, as described below.

The Foundation and Agricultural Foundation are private nonprofit organizations that report their 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 (GASB) revenue recognition criteria and presentation features. No modifications have been made to their financial information in the University's financial reporting entity for these differences.

During the year ended June 30, 2025, the Foundation distributed \$43,998,599 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundations Accounting and Investments Office, Campus Box 7207, Raleigh, NC 27695, or by calling (919) 513-7149.

During the year ended June 30, 2025, the Agricultural Foundation distributed \$18,869,193 to the University for both restricted and unrestricted purposes. Complete financial statements for the Agricultural Foundation can be obtained from the Foundations Accounting and Investments Office, Campus Box 7207, Raleigh, NC 27695, or by calling (919) 513-7149.

**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 Funds** - 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 the NC State Investment Fund as well as resources held on behalf of individuals and other external organizations.

**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, savings accounts, money market accounts, 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.

Domestic stocks are reported at cost since there are no readily determinable fair values. These investments consist of technology transfer stocks and the Wolfpack Investor Network's Seed Capital Endowment Fund stocks.

The Kamphoefner art collection, a gift to the Endowment Fund in 1979, is recorded at estimated fair value as of the date of donation. Mineral rights were a gift to the Endowment Fund in 1987. The most recent sale from 2016 was used to adjust the value per acre.

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.

**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 and merchandise for resale, are valued at cost using the first-in, first-out method. Exceptions are the bookstore, which uses the retail inventory method, and the physical plant, which uses the moving weighted average 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 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:

<b>Asset Class</b>	<b>Estimated Useful Life</b>
Buildings	10 - 50 years
Machinery & Equipment	4 - 22 years
General Infrastructure	15 - 75 years
Computer Software	2 - 15 years

The University does not capitalize its Arts and Design or Historic collections. These collections adhere to the University's policy to maintain for public exhibition, education, or research; protect, keep unencumbered, care for, and preserve; and require proceeds from their sale to be used to acquire other collection items. Accounting principles generally accepted in the United States of America permit collections maintained in this manner to be charged to operations at time of purchase rather than be capitalized.

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 \$1,000,000 or greater and an estimated useful life of more than one year. When remaining lease payments or receipts are below this threshold, lease transactions are recognized as revenues or expenses, unless required for tracking purposes by current University business practices.

Subscription liabilities are capitalized as a right-to-use asset when management determines that costs should be tracked

for financial reporting purposes and the estimated useful life is 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, revenue bonds from direct placement, and notes from direct borrowings. Other long-term liabilities include: pollution remediation, asset retirement obligations, lease liabilities, subscription liabilities, compensated absences, net pension liability, net other postemployment benefits (OPEB) liability, and workers' compensation.

Revenue bonds are reported net of unamortized premiums or discounts. The University amortizes bond premiums/discounts over the life of the bonds using the straight-line method. Losses on refunding and issuance costs on bonds are not material to the accompanying financial statements and are expensed in the year 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 14 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 15 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.

Other leave programs include unrestricted sabbatical leave, compensatory leave-off, parental leave, military leave, and civil leave.

**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 11 for further information regarding deferred outflows of resources and deferred inflows of resources that had a significant effect on unrestricted net position.

### **Fiduciary Funds**

**Restricted Net Position** - Fiduciary net position includes resources held in a custodial capacity for external pool participants in the University's External Investment Fund and for other organizations; these resources 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, the Creamery, Telecommunications, Physical Plant, and Motor Pool. 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 \$724,723,174 for proprietary fund and \$56,810,610 for the fiduciary funds, 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 \$12,062. The carrying amount of the University's deposits not with the State Treasurer, was \$22,727,869, and the bank balance was \$5,568,053. 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 exposed to custodial credit risk was \$5,000,630.

**B. Investments** - The University is authorized by the University of North Carolina Board of Governors pursuant to G.S. 116-36.2 and Section 600.2.4 of the Policy Manual of the University of North Carolina to invest its special funds and funds received for services rendered by health care professionals in the same manner as the State Treasurer is required to invest, as discussed below.

Additionally, the University has also been delegated authority by the President of the University of North Carolina pursuant

to G.S. 116-36.1 and Section 600.2.4.1 of the Policy Manual of the University of North Carolina to invest its trust funds in the same manner as the State Treasurer is required to invest, as discussed below.

G.S. 147-69.1(c), applicable to the State's General Fund, and G.S. 147-69.2, applicable to institutional trust funds, authorize the State Treasurer to invest in the following: obligations of or fully guaranteed by the United States; obligations of certain federal agencies; repurchase agreements; obligations of the State of North Carolina; certificates of deposit and other deposit accounts of specified financial institutions; prime quality commercial paper; asset-backed securities with specified ratings, specified bills of exchange or time drafts, and corporate bonds/notes with specified ratings; general obligations of other states; general obligations of North Carolina local governments; and obligations of certain entities with specified ratings.

In accordance with the bond resolutions, bond proceeds and debt service funds are invested in obligations that will by their terms mature on or before the date funds are expected to be required for expenditure or withdrawal.

G.S. 116-36(e) provides that the trustees of the Endowment Fund shall be responsible for the prudent investment of the Fund in the exercise of their sound discretion, without regard to any statute or rule of law relating to the investment of funds by fiduciaries but in compliance with any lawful condition placed by the donor upon that part of the Endowment Fund to be invested.

Investments of the Endowment Fund, including those invested in the Investment Fund, a University component unit, 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 does not have a formal policy that addresses interest rate risk.

*Credit Risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University does not have a formal policy that addresses credit risk.

**Investment Fund** - The Investment Fund began operations in April 1999 and is classified as a non-rated 2a7-like governmental external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The Endowment Fund of North Carolina State University, The North Carolina Agricultural Foundation, Inc., and the North Carolina State University Foundation, Inc. represent the Investment Fund's internal participants. The North Carolina Agricultural Foundation, Inc. and the North Carolina State University Foundation, Inc. are discretely presented component units in the financial statements. Other affiliated organizations not included in the University's reporting entity represent the Investment Fund's external participants. The external portion of the Investment Fund is presented in the accompanying fiduciary fund financial statements. The Investment Fund includes the Long-Term Investment Pool (LTIP) and the Intermediate Term Fund (ITF), which was established on July 3, 2014 for the collective investment of the participants' excess operating funds.

Oversight of the Investment Fund is provided by its Members Board and Board of Directors. The Members Board is responsible for providing governance and oversight to the Investment Fund. The Members Board has chosen not to make individual security or manager selection decisions. The Board of Directors' primary role is to oversee all aspects of the investment program, including development of the Investment Policy, in a prudent manner with regard to preserving principal while providing reasonable returns.

Bank of New York Mellon is the third-party administrator and custodian for the Investment Fund and provides the University with monthly statements defining activity and fair value information, which is then allocated among the fund's participants. Each participant holds Master Trust Units of the Investment Fund. The unit price fluctuates based on the investment experience of the investment pool. There are no involuntary participants in the Investment Fund. The University has not provided or obtained any legally binding guarantees during the period to support the value for the Investment Fund's investments. The annual financial report for the Investment Fund may be obtained from the Foundations Accounting and Investment Office, Campus Box 7207, Raleigh, NC 27695 or by calling (919) 513-7149 or at: <https://investments.ofa.ncsu.edu>.

The following tables in this section present the Investment Fund in total, including both proprietary and fiduciary funds. See Note 2C below for further details regarding investments by fund type within the Investment Fund.

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

## INVESTMENT FUND

Investment Type	Amount	Investment Maturities (in Years)		
		Less Than 1	1 to 5	6 to 10
<b>Debt Securities</b>				
Money Market Mutual Funds	\$ 21,014,628	\$ 21,014,628	\$ -	\$ -
U.S. Treasuries	38,563,839	-	31,948,639	6,615,200
U.S. Agencies	9,051,916	2,757,448	1,501,301	4,793,167
Fixed Income ETFs	30,013,469	-	10,234,587	19,778,882
Debt Mutual Funds	371,422,660	-	198,555,153	172,867,507
Collective Investment Funds	86,677,734	72,687,275	-	13,990,459
Corporate Bonds	44,597,968	-	40,727,644	3,870,324
<b>Total Debt Securities</b>	601,342,214	<u>\$ 96,459,351</u>	<u>\$ 282,967,324</u>	<u>\$ 221,915,539</u>
<b>Other Securities</b>				
Equity ETFs	212,948,440			
Domestic Stocks	30,835,153			
Hedge Funds	97,098,336			
UNC Investment Fund	1,410,257,779			
Private Equity Limited Partnerships	134,583,824			
<b>Total Investment Fund</b>	<u>\$ 2,487,065,746</u>			

At June 30, 2025, investments in the Investment Fund had the following credit quality distribution for securities with credit exposure (based on S&P rating):

	Amount	AAA	AA	A	Less Than	Unrated
		Aaa	Aa		Investment Grade	
Money Market Mutual Funds	\$ 21,014,628	\$ 21,014,628	\$ -	\$ -	\$ -	-
U.S. Agencies	9,051,916	-	9,051,916	-	-	-
Fixed Income ETFs	30,013,469	-	-	19,778,882	10,234,587	-
Debt Mutual Funds	371,422,660	-	181,623,815	119,939,228	-	69,859,617
Collective Investment Funds	86,677,734	-	13,990,459	-	-	72,687,275
Corporate Bonds	44,597,968	16,407,079	3,131,781	25,059,108	-	-
<b>Totals</b>	<u>\$ 562,778,375</u>	<u>\$ 37,421,707</u>	<u>\$ 207,797,971</u>	<u>\$ 164,777,218</u>	<u>\$ 10,234,587</u>	<u>\$ 142,546,892</u>

**UNC Investment Fund, LLC** - At June 30, 2025, the University's investments include \$1,410,257,779 which represents the University's equity position in the UNC Investment Fund, LLC (UNC Investment Fund). The UNC Investment Fund is an external investment pool that is not registered with the Securities and Exchange Commission, does not have a credit rating, and is not subject to any regulatory oversight. 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.

**Non-Pooled Investments** - The following table presents investments by type at June 30, 2025, for the University's non-pooled investments.

### NON-POOLED INVESTMENTS

Investment Type	Amount
Domestic Stocks	\$ 377,073
Collections and Mineral Rights	65,133
<b>Total Non-Pooled Investments</b>	<b>\$ 442,206</b>

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

Investment Type	Amount
Debt Securities	
Money Market Mutual Funds	\$ 21,014,628
U.S. Treasuries	38,563,839
U.S. Agencies	9,051,916
Fixed Income ETFs	30,013,469
Debt Mutual Funds	371,422,660
Collective Investment Funds	86,677,734
Corporate Bonds	44,597,968
Other Securities	
Equity ETFs	212,948,440
Domestic Stocks	31,212,226
Hedge Funds	97,098,336
UNC Investment Fund	1,410,257,779
Private Equity Limited Partnerships	134,583,824
Collections and Mineral Rights	65,133
<b>Total Investments</b>	<b>\$ 2,487,507,952</b>

Total investments include \$955,593,543 held in the Investment Fund for the North Carolina State University Foundation, Inc. and The North Carolina Agricultural Foundation, Inc. This amount is excluded from the University prepared financial statements and included in the accompanying component unit financial statements.

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

	Proprietary Fund	Fiduciary Fund	Total
Cash on Hand	\$ 12,062	\$ -	\$ 12,062
Amount of Deposits with Private Financial Institutions	22,727,869	-	22,727,869
Deposits in the Short-Term Investment Fund	724,723,174	56,810,610	781,533,784
Investment Fund	913,647,110	617,825,093	1,531,472,203
Non-Pooled Investments	442,206	-	442,206
<b>Total Deposits and Investments</b>	<b>\$ 1,661,552,421</b>	<b>\$ 674,635,703</b>	<b>\$ 2,336,188,124</b>
Deposits			
Current			
Cash and Cash Equivalents	\$ 308,581,974	\$ 56,810,610	\$ 365,392,584
Restricted Cash and Cash Equivalents	223,338,046	-	223,338,046
Noncurrent			
Restricted Cash and Cash Equivalents	215,543,085	-	215,543,085
<b>Total Deposits</b>	<b>747,463,105</b>	<b>56,810,610</b>	<b>804,273,715</b>
Investments			
Noncurrent			
Endowment Investments	645,328,218	-	645,328,218
Other Long-Term Investments	268,761,098	-	268,761,098
Intermediate Term Investments	-	27,046,877	27,046,877
Long-Term Investments	-	590,778,216	590,778,216
<b>Total Investments</b>	<b>914,089,316</b>	<b>617,825,093</b>	<b>1,531,914,409</b>
<b>Total Deposits and Investments</b>	<b>\$ 1,661,552,421</b>	<b>\$ 674,635,703</b>	<b>\$ 2,336,188,124</b>

### Note 3 - Fair Value Measurements

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

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

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

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

	Fair Value Measurements Using			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
<b>Investment by Fair Value Level</b>				
Debt Securities				
Money Market Mutual Funds	\$ 21,014,628	\$ 21,014,628	\$ -	-
U.S. Treasuries	38,563,839	38,563,839	-	-
U.S. Agencies	9,051,916	-	9,051,916	-
Domestic Stocks	30,835,153	30,835,153	-	-
Equity ETFs	212,948,440	212,948,440	-	-
Fixed Income ETFs	30,013,469	30,013,469	-	-
Debt Mutual Funds	371,422,660	371,422,660	-	-
Collective Investment Funds	86,677,734	86,677,734	-	-
Corporate Bonds	44,597,968	-	44,597,968	-
<b>Total Investments by Fair Value Level</b>	<b>845,125,807</b>	<b>\$ 791,475,923</b>	<b>\$ 53,649,884</b>	<b>-</b>
<b>Investments Measured at the Net Asset Value (NAV)</b>				
Hedge Funds	97,098,336			
Private Equity Limited Partnerships	134,583,824			
<b>Total Investments Measured at the NAV</b>	<b>231,682,160</b>			
<b>Investments as a Position in an External Investment Pool</b>				
Short-Term Investment Fund	781,533,784			
UNC Investment Fund	1,410,257,779			
<b>Total Investments as a Position in an External Investment Pool</b>	<b>2,191,791,563</b>			
<b>Total Investments Measured at Fair Value</b>	<b>\$ 3,268,599,530</b>			

**Debt and Equity Securities** - Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

**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** - 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.

The following table presents the valuation of investments measured at the Net Asset Value (NAV) per share (or its equivalent) at June 30, 2025:

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption	Redemption
			Frequency (If Currently Eligible)	Notice Period
Hedge Funds	\$ 97,098,336	\$ -	See Note Below	See Note Below
Private Equity Limited Partnerships	134,583,824	149,786,406	N/A	N/A
<b>Total Investments Measured at the NAV</b>	<b>\$ 231,682,160</b>	<b>\$ 149,786,406</b>		

**Hedge Funds** – Hedge funds are pooled, professionally managed partnerships that pursue both long and short equity primarily in U.S. common stocks. The managers seek to invest in undervalued companies and/or obtain superior risk-adjusted rates of returns through investment across a variety of asset classes. Interests in hedge funds are generally carried at the net asset value (NAV) reported by each external manager as of the valuation date.

The policies surrounding redemptions vary among the hedge fund investments, with each hedge fund requiring between 30 to 90 days' written notice for redemption. Redemptions occur on a quarterly basis, subject to limitations on the percentage of shares that can be redeemed upon the first quarterly redemption date. Such limits range from 12.5% to 25% of shares held. Each hedge fund allows for full redemptions across four to eight consecutive quarters, up to an applicable percentage each quarter.

**Private Equity Limited Partnerships** – Private equities include venture capital partnerships, buy-outs, and international funds. The valuation of the underlying private companies requires significant judgment and interpretation by the general partners of the underlying investment partnerships due to the absence of quoted market values, inherent lack of liquidity, and the long-term nature of such investments. Private companies are initially valued based upon transaction price, with subsequent adjustments to values which reflect the consideration of available market data, including primarily observations of the trading multiples of public companies considered comparable to the private companies being valued. Valuations are also adjusted to give consideration to the financial condition and operating results specific to the issuer, the lack of liquidity inherent in a non-public investment, credit markets, and the fact that comparable public companies are not identical to the companies being valued.

## Note 4 - Endowment Investments

Investments of the University's endowment funds are pooled, unless required to be separately invested by the donor. If a donor has not provided specific instructions, state law permits the Board of Trustees to authorize for expenditure the net appreciation, realized and unrealized, of the investments of the endowment funds. Under the Uniform Prudent Management of Institutional Funds Act (UPMIFA), authorized by the North Carolina General Assembly on March 19, 2009, the Board may also appropriate expenditures from eligible nonexpendable balances if deemed prudent and necessary to meet program outcomes and for which such spending is not specifically prohibited by the donor agreements. However, a majority of the University's endowment donor agreements prohibit spending of nonexpendable balances and therefore the related nonexpendable balances are not eligible for expenditure. During the year, the Board did not appropriate expenditures from eligible nonexpendable endowment funds.

Investment return of the University's endowment funds is predicated on the total return concept (yield plus appreciation). Annual payouts from the University pooled endowment funds are determined by applying 4% (the Board approved spending rate) to the average market value of the long-term investment pool (for a twenty-quarter period), divided by the number of investment units in the pool to determine the "average spending amount" per unit of investment. The individual endowment fund payout or spending budget is then determined by applying the "average spending amount" to the number of investment units held by the individual endowment fund. To the extent that the total return for the current year exceeds the payout, the excess is added to principal. If current year earnings do not meet the payout requirements, the University uses accumulated income and appreciation from restricted and unrestricted, expendable net position endowment balances to make up the difference. At June 30, 2025, net appreciation of \$446,720,021 was available to be spent, of which \$412,662,110 was restricted to specific purposes. The remaining portion 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	\$ 2,606,445	\$ 1,160,490	\$ 1,445,955
Student Sponsors	1,467,740	-	1,467,740
Accounts	25,798,886	2,792,784	23,006,102
Intergovernmental	63,250,296	-	63,250,296
Grant Sponsors	43,928,490	-	43,928,490
Interest on Loans	86,437	68,929	17,508
<b>Total Current Receivables</b>	<b>\$ 137,138,294</b>	<b>\$ 4,022,203</b>	<b>\$ 133,116,091</b>
<b>Notes Receivable:</b>			
<b>Notes Receivable - Current:</b>			
Federal Loan Programs	\$ 626,696	\$ 731	\$ 625,965
Institutional Student Loan Programs	366,744	-	366,744
<b>Total Notes Receivable - Current</b>	<b>\$ 993,440</b>	<b>\$ 731</b>	<b>\$ 992,709</b>
<b>Notes Receivable - Noncurrent:</b>			
Federal Loan Programs	\$ 989,790	\$ 379,698	\$ 610,092
Institutional Student Loan Programs	69,730	24,236	45,494
<b>Total Notes Receivable - Noncurrent</b>	<b>\$ 1,059,520</b>	<b>\$ 403,934</b>	<b>\$ 655,586</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 (as restated)	Increases	Decreases	Balance June 30, 2025
Capital Assets, Nondepreciable:				
Land and Permanent Easements	\$ 91,143,279	\$ 2,255,804	\$ -	\$ 93,399,083
Construction in Progress	143,163,318	179,262,086	66,007,249	256,418,155
Computer Software in Development	1,637,277	3,337,957	4,144,113	831,121
<b>Total Capital Assets, Nondepreciable</b>	<b>235,943,874</b>	<b>184,855,847</b>	<b>70,151,362</b>	<b>350,648,359</b>
Capital Assets, Depreciable:				
Buildings	2,858,662,690	34,507,295	12,433,651	2,880,736,334
Machinery and Equipment	564,119,001	53,702,460	25,529,024	592,292,437
General Infrastructure	294,840,729	34,634,065	-	329,474,794
Computer Software	51,901,249	4,245,646	-	56,146,895
Right-to-Use Leased Buildings	113,142,829	12,063,760	4,284,609	120,921,980
Right-to-Use Leased Machinery and Equipment	18,645,389	490,570	738,231	18,397,728
Right-to-Use Subscription Assets	16,155,637	1,831,987	-	17,987,624
<b>Total Capital Assets, Depreciable</b>	<b>3,917,467,524</b>	<b>141,475,783</b>	<b>42,985,515</b>	<b>4,015,957,792</b>
Less Accumulated Depreciation/Amortization for:				
Buildings	1,191,512,225	82,602,796	6,863,608	1,267,251,413
Machinery and Equipment	334,419,354	43,096,664	23,516,214	353,999,804
General Infrastructure	111,048,206	8,938,947	-	119,987,153
Computer Software	40,422,254	4,268,408	-	44,690,662
Right-to-Use Leased Buildings	35,138,406	13,302,056	1,412,570	47,027,892
Right-to-Use Leased Machinery and Equipment	7,309,886	2,383,259	738,231	8,954,914
Right-to-Use Subscription Assets	4,634,413	4,854,376	-	9,488,789
<b>Total Accumulated Depreciation/Amortization</b>	<b>1,724,484,744</b>	<b>159,446,506</b>	<b>32,530,623</b>	<b>1,851,400,627</b>
<b>Total Capital Assets, Depreciable, Net</b>	<b>2,192,982,780</b>	<b>(17,970,723)</b>	<b>10,454,892</b>	<b>2,164,557,165</b>
<b>Capital Assets, Net</b>	<b>\$ 2,428,926,654</b>	<b>\$ 166,885,124</b>	<b>\$ 80,606,254</b>	<b>\$ 2,515,205,524</b>

As of June 30, 2025, the total amount of right-to-use leased assets was \$139,319,708 and the related accumulated amortization was \$55,982,806.

## Note 7 - Accounts Payable and Accrued Liabilities

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

	Amount
<b>Current Accounts Payable and Accrued Liabilities</b>	
Accounts Payable	\$ 30,785,168
Accounts Payable - Capital Assets	26,398,039
Accrued Payroll	10,495,630
Contract Retainage	8,917,667
Other	4,495,356
	<hr/>
<b>Total Current Accounts Payable and Accrued Liabilities</b>	<b>\$ 81,091,860</b>

## Note 8 - Short-Term Debt - Commercial Paper Program

The University has available Commercial Paper Program financing for short-term debt credit up to \$100,000,000 to finance capital construction projects. The University's available funds are pledged to the Commercial Paper Program financing with the anticipation of converting to general revenue bond financing in the future. As of June 30, 2025, the Commercial Paper balance was zero. The commercial paper contains a provision that on the occurrence and continuance of an event of default, the Trustee may, or if required by a majority of the owners of the bonds, must, declare the bonds to be immediately due and payable (except if matured installments are paid before any judgment or decree is obtained). Events of default are defined as (1) failure to make any payment when due or (2) failure to perform any covenant, condition, agreement, or provision (other than failure to pay), which failure continues for a period of 30 days after written notice, specifying such failure and requesting that it be remedied. The Commercial Paper program was unused during the year ended June 30, 2025, and has no outstanding balance.

## Note 9 - Long-Term Liabilities

**A. Changes in Long-Term Liabilities** - A summary of changes in the long-term liabilities for the year ended June 30, 2025, is presented as follows:

	Balance July 1, 2024 (as Restated)	Additions	Reductions	Balance June 30, 2025	Current Portion
<b>Long-Term Debt</b>					
Revenue Bonds Payable	\$ 559,845,000	\$ -	\$ 21,955,000	\$ 537,890,000	\$ 21,650,000
Bonds from Direct Placements	20,856,046	-	3,419,944	17,436,102	3,358,417
Plus: Unamortized Premium	25,067,703	-	2,033,860	23,033,843	-
Total Revenue Bonds Payable and Bonds from Direct Placements, Net	605,768,749	-	27,408,804	578,359,945	25,008,417
Notes from Direct Borrowings	33,533,006	-	7,194,131	26,338,875	7,747,122
Total Long-Term Debt	639,301,755	-	34,602,935	604,698,820	32,755,539
<b>Other Long-Term Liabilities</b>					
Pollution Remediation Payable	3,837,501	15,000,000	145,331	18,692,170	5,310,252
Asset Retirement Obligations	16,173,663	826,337	-	17,000,000	-
Lease Liabilities	94,005,606	12,833,643	17,855,942	88,983,307	12,234,403
Subscription (SBITA) Liabilities	9,444,719	1,832,097	4,754,827	6,521,989	3,522,632
<b>Employee Benefits</b>					
Compensated Absences	81,840,915	58,341,814	56,321,554	83,861,175	4,693,463
Net Pension Liability	366,706,935	-	25,490,694	341,216,241	-
Net Other Postemployment Benefit Liability	1,017,106,357	296,295,745	1,031,656	1,312,370,446	-
Workers' Compensation	8,671,311	5,251,034	3,414,051	10,508,294	2,144,413
Total Other Long-Term Liabilities	1,597,787,007	390,380,670	109,014,055	1,879,153,622	27,905,163
<b>Total Long-Term Liabilities, Net</b>	<b>\$ 2,237,088,762</b>	<b>\$ 390,380,670</b>	<b>\$ 143,616,990</b>	<b>\$ 2,483,852,442</b>	<b>\$ 60,660,702</b>

Additional information regarding lease and subscription (SBITA) liabilities is included in Note 10.

Additional information regarding the net pension liability is included in Note 14.

Additional information regarding the net other postemployment benefits liability is included in Note 15.

Additional information regarding workers' compensation is included in Note 16.

**B. Revenue Bonds Payable and Bonds from Direct Placements** – The University was indebted for revenue bonds payable and bonds from direct placements for the purposes shown in the following table:

Purpose	Series	Interest Rate/Ranges	Final Maturity Date	Original Amount of Issue	Principal Outstanding June 30, 2025
<b>Revenue Bonds Payable</b>					
Adv Refund 2005A/Talley Student Union	2013B	0267% - 4%	10/01/2041	\$ 141,650,000	\$ 117,295,000
Refund 2003B and 2015	2018	2% - 5%	10/01/2028	87,165,000	35,450,000
Refund 2010B/Carmichael	2020A	2.375% - 5%	10/01/2044	82,335,000	77,070,000
Adv Refund 2013A/Fitts-Woolard; Plant Sciences	2020B	0.602% - 3.02%	10/01/2042	184,445,000	171,705,000
University Towers Purchase and Renovation	2024A	4% - 5%	10/01/2053	50,410,000	49,455,000
Integrative Sciences Building Construction	2024B	4% - 5%	10/01/2053	89,130,000	86,915,000
Total Revenue Bonds Payable				635,135,000	537,890,000
<b>Bonds from Direct Placements</b>					
Various Construction Projects	2017	2.58%	10/01/2031	50,438,952	17,436,102
<b>Total Revenue Bonds Payable and Bonds from Direct Placements</b> (principal only)				<u>\$ 685,573,952</u>	555,326,102
Plus: Unamortized Premium					23,033,843
<b>Total Revenue Bonds Payable and Bonds from Direct Placement, Net</b>					<u>\$ 578,359,945</u>

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

Purpose	Financial Institution	Interest Rate	Final Maturity Date	Original Amount of Issue	Principal Outstanding June 30, 2025
Energy Conservation Loan	Truist	3.245%	09/01/2028	\$ 19,700,703	\$ 5,821,903
Energy Conservation Loan	Bank of America	4.07%	08/17/2028	56,060,010	20,516,972
<b>Total Notes from Direct Borrowings</b>				<u>\$ 75,760,713</u>	<u>\$ 26,338,875</u>

**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		Bonds from Direct Placements		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 21,650,000	\$ 18,786,372	\$ 3,358,417	\$ 406,528	\$ 7,747,122	\$ 892,109
2027	23,145,000	17,935,125	2,477,845	331,240	8,370,524	580,329
2028	23,580,000	17,050,959	2,542,608	266,476	9,156,192	240,985
2029	32,800,000	16,165,497	2,609,065	200,020	1,065,037	5,117
2030	35,255,000	15,349,496	2,094,176	139,348	-	-
2031-2035	113,665,000	62,377,408	4,353,991	113,058	-	-
2036-2040	121,745,000	41,851,809	-	-	-	-
2041-2045	104,880,000	19,244,928	-	-	-	-
2046-2050	31,255,000	9,208,300	-	-	-	-
2051-2055	29,915,000	2,453,100	-	-	-	-
<b>Total Requirements</b>	<u>\$ 537,890,000</u>	<u>\$ 220,422,994</u>	<u>\$ 17,436,102</u>	<u>\$ 1,456,670</u>	<u>\$ 26,338,875</u>	<u>\$ 1,718,540</u>

**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 and Bonds from Direct Placements** - The outstanding revenue bonds and bonds from direct placement contain provisions that on the occurrence and continuance of an event of default, the Trustee may, or if required by a majority of the owners of the bonds, must, declare the bonds to be immediately due and payable (except if matured installments are paid before any judgment or decree is obtained). Events of default are defined as (1) failure to make any payment when due or (2) failure to perform any covenant, condition, agreement, or provision (other than failure to pay), which failure continues for a period of 30 days after written notice, specifying such failure and requesting that it be remedied.

**Notes from Direct Borrowings** - The University has pledged the energy savings improvements installed in its buildings and other structures as collateral for the outstanding notes from direct borrowings. The outstanding notes from direct borrowings also contain provisions related to events of default and remedies. Significant to these provisions, an event of default occurs when: (1) the University fails to pay an installment payment when due, (2) an event of nonappropriation from the State occurs, or (3) the University fails to perform any warranty, covenant, condition, or agreement within thirty days of receiving written notice by the lender or fails to diligently pursue corrective action for matters that cannot be reasonably corrected within thirty days.

Upon the occurrence of any event of default, the lender may, without any further demand or notice, declare the unpaid principal amount plus any accrued and unpaid interest be due and payable immediately. The lender may also exercise all remedies available by law or in the equity provided under the agreement, including sale of the secured assets, and apply the proceeds of any such sale to the amounts due after deducting all costs and expenses related to the recovery, repair, storage, and sale of the secured assets, including court costs and reasonable attorneys' fees incurred.

**F. Pollution Remediation Payable** - The University has recognized a pollution remediation liability for remediation of Lot 86 which the University used as a burial site for hazardous chemical and low-level radioactive waste generated in the University's laboratories. The amount of the estimated liability is \$3,692,170. This estimate was calculated at its expected amount, using the expected cash flow technique. This liability could change over time due to changes in the cost of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort.

The University has also recognized a hazardous material remediation liability for Poe Hall, which the University closed due to the presence of hazardous materials in the building. The amount of the estimated liability is \$15,000,000 to abate the hazardous materials and deconstruct the building. This estimate was calculated at its expected amount, using the expected cash flow technique. This liability could change over time due to changes in the cost of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort.

**G. Asset Retirement Obligations** - The University has asset retirement obligations arising from federal regulations to perform certain decommissioning activities at the time of disposal of its PULSTAR reactor facility. These activities include removal of all activated reactor components, demolition of the reactor biological shield, and disposal costs for radioactive materials. The amount of the estimated liability is \$17,000,000. The liability was estimated by analyzing the actual decommissioning costs of a representative university reactor facility and adjusting the costs to be consistent with the NC State PULSTAR facility. Costs were also adjusted for the effects of inflation. At year-end, the estimated remaining useful life of the PULSTAR reactor facility was 38 years. In accordance with 10 CFR 50.75(e)(1)(iv), the University has provided the following Statement of Intent regarding decommissioning funding. The University is a State government organization and decommissioning funding obligations are fully backed by the State of North Carolina. Decommissioning funds will be appropriated when necessary following the provisions of NC General Statute 116-11(9)(a).

## Note 10 - Leases and Subscription-Based Information Technology Arrangements

**A. Lessor Arrangements** - The University leases land and office space 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.

Measurement of the lease receivable excluded the following variable payment amounts: the increase or decrease in payments after the initial measurement of the lease receivable that depend on changes in an index or rate (such as the Consumer Price Index). During the year, the University did not recognize any variable payment amounts.

During the year ended June 30, 2025, the University recognized operating revenues related to lessor arrangements totaling \$3,923,951 and nonoperating lease interest income totaling \$2,218,730. The lease receivable includes subleases of \$524,370 with Appalachian State University (a constituent university of the University of North Carolina System) and \$1,369,732 with Dole Food Company for the right to use part of a building on the North Carolina Research Campus.

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 <sup>(1)</sup>	Interest Rate Ranges
Lessor:					
Land	12	\$ 5,912,303	\$ 8,468	17.75 - 88.94 years	5.93% - 8.5%
Buildings	17	35,085,221	2,601,050	0.25 - 5.46 years	4.67% - 8.5%
<b>Total</b>	<b>29</b>	<b>\$ 40,997,524</b>	<b>\$ 2,609,518</b>		

(1) The lease terms were calculated using weighted averages based on lease receivable amounts.

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

Measurement of the lease liability excluded the following variable payment amounts: 1) the increase or decrease in payments after the initial measurement of the lease liability that depend on changes in an index or rate (such as the Consumer Price Index) and 2) payments based on future performance or usage of the underlying assets. During the year, the University did not recognize any variable payment amounts. The lease liability includes \$43,319,492 for a use agreement with the Centennial Authority (a component unit of the State of North Carolina) for men's basketball games at the Lenovo Center (see Note 18). The use agreement has a remaining lease term of 71 years.

The University had commitments under leases before the lease term as follows:

- A 62-month agreement beginning September 1, 2025, for the right to use 40,035 square feet in a building located on the University's Centennial Campus, with total payments over the period of \$7,322,580.
- A 62-month agreement beginning December 1, 2025, for the right to use 9,242 square feet in a building located on the University's Centennial Campus, with total payments over the term of \$1,972,495.

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 <sup>(1)</sup>	Interest Rate/Ranges
Lessee:					
Right-to-Use Leased Buildings	36	\$ 79,197,402	\$ 9,745,122	0.5 - 71 years	0.32% - 10%
Right-to-Use Leased Machinery and Equipment	5	9,785,905	2,489,281	1.58 - 4.5 years	1.53% - 7.25%
<b>Total</b>	<b>41</b>	<b>\$ 88,983,307</b>	<b>\$ 12,234,403</b>		

(1) The lease terms were calculated using weighted averages based on lease payable amounts.

**C. Subscription-Based Information Technology Arrangements (SBITAs)** - The University enters SBITAs for the right to use information technology software. 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.

Measurement of the subscription liability excluded the following variable payment amounts: 1) the increase or decrease in payments after the initial measurement of the subscription liability that depend on changes in an index or rate (such as the Consumer Price Index) and 2) payments based on future performance or usage of the underlying assets. During the year, the University did not recognize any variable payment amounts.

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

SBITA	Number of SBITAs	Subscription (SBITA) Liabilities June 30, 2025	Current Portion	SBITA Terms and Conditions <sup>(1)</sup>	Interest Rate/Ranges
Right-to-Use Subscription Assets	20	\$ 6,521,989	\$ 3,522,632	0.5 - 3.92 years	4.1% - 4.5%

(1) The SBITA terms were calculated using weighted averages based on subscription liability amounts.

**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		Subscription (SBITA) Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 12,234,403	\$ 2,331,364	\$ 3,522,632	\$ 179,790
2027	10,770,384	1,972,381	2,050,113	69,116
2028	8,144,171	1,756,774	949,244	10,150
2029	5,704,178	1,596,749	-	-
2030	2,079,165	1,505,658	-	-
2031-2035	5,009,451	6,850,617	-	-
2036-2040	1,722,063	6,137,735	-	-
2041-2045	-	6,119,159	-	-
2046-2050	-	6,124,897	-	-
2051-2055	-	6,066,684	-	-
2056-2060	-	5,933,930	-	-
2061-2065	398,747	5,700,801	-	-
2066-2070	3,142,603	5,358,260	-	-
2071-2075	4,275,852	4,881,299	-	-
2076-2080	5,617,254	4,246,811	-	-
2081-2085	7,206,815	3,418,685	-	-
2086-2090	9,075,526	2,370,134	-	-
2091-2095	11,269,477	1,059,588	-	-
2096-2100	2,333,218	1,793,737	-	-
<b>Total Requirements</b>	<b>\$ 88,983,307</b>	<b>\$ 75,225,263</b>	<b>\$ 6,521,989</b>	<b>\$ 259,056</b>

## Note 11 - Net Position

Unrestricted net position has been significantly affected by transactions resulting from the recognition of deferred outflows of resources, deferred inflows of resources, and related long-term liabilities, as shown in the following table:

	Amount
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	\$ (171,395,916)
Net OPEB Liability (Retiree Health Benefit Fund) and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(1,085,120,380)
Effect on Unrestricted Net Position	(1,256,516,296)
Total Unrestricted Net Position Before Recognition of Deferred Outflows of Resources, Deferred Inflows of Resources, and Related Long-Term Liabilities	559,418,990
<b>Total Unrestricted Net Position</b>	<b>\$ (697,097,306)</b>

See Notes 14 and 15 for detailed information regarding the amortization of the deferred outflows of resources and deferred inflows of resources relating to pensions and OPEB, respectively.

## Note 12 - Revenues

A summary of discounts and allowances by revenue classification is presented as follows:

	Gross Revenues	Less Scholarship Discounts and Allowances	Less Allowance for Uncollectibles	Net Revenues
<b>Operating Revenues:</b>				
<b>Student Tuition and Fees, Net</b>	\$ 530,075,197	\$ 172,368,387	\$ 162,775	\$ 357,544,035
<b>Sales and Services, Net</b>	\$ 398,121,077	\$ 17,582,309	\$ 564,584	\$ 379,974,184
<b>Other Revenues, Net</b>	\$ 22,940,543	\$ -	\$ 141,209	\$ 22,799,334

## Note 13 - 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	\$ 546,554,793	\$ 76,441,060	\$ -	\$ 3,800	\$ -	622,999,653
Research	261,259,967	171,901,973	-	990,963	-	434,152,903
Public Service	112,562,873	50,657,254	-	532,779	-	163,752,906
Academic Support	67,520,817	49,377,429	-	86,684	-	116,984,930
Student Services	31,613,524	19,483,212	-	-	-	51,096,736
Institutional Support	129,166,008	31,307,930	-	67,969	-	160,541,907
Operations and Maintenance of Plant	57,066,572	48,545,631	-	31,288,415	-	136,900,618
Student Financial Aid	-	-	56,148,839	-	-	56,148,839
Auxiliary Enterprises	138,255,671	122,069,511	-	10,894,269	-	271,219,451
Depreciation/Amortization	-	-	-	-	159,446,506	159,446,506
<b>Total Operating Expenses</b>	<b>\$ 1,344,000,225</b>	<b>\$ 569,784,000</b>	<b>\$ 56,148,839</b>	<b>\$ 43,864,879</b>	<b>\$ 159,446,506</b>	<b>\$ 2,173,244,449</b>

## Note 14 - 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 \$26,076,706, and the University's contributions were \$72,971,316 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 \$341,216,241 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 2.30292%, which was an increase of 0.10338 from its proportion measured as of June 30, 2023, which was 2.19954%.

*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:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>
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:

<b>Net Pension Liability</b>		
1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
\$ 625,923,362	\$ 341,216,241	\$ 106,433,501

*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 \$96,945,362. 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:**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Actual and Expected Experience	\$ 30,749,509	\$ 1,008,679
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	56,264,941	-
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	12,805,154	1,961,916
Contributions Subsequent to the Measurement Date	<u>72,971,316</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 172,790,920</u></u>	<u><u>\$ 2,970,595</u></u>

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:**

<u>Year Ending June 30:</u>	<u>Amount</u>
2026	\$ 30,189,172
2027	74,137,718
2028	(1,455,123)
2029	(6,022,758)
<b>Total</b>	<u><u>\$ 96,849,009</u></u>

**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 \$1,088,373,767, of which \$435,465,531 was covered under ORP. Total employee and

employer contributions for pension benefits for the year were \$26,127,932 and \$29,785,842, respectively. The amount of pension expense recognized in the current year related to ORP is equal to the employer contributions. Forfeitures reduced the University's pension expense during the current fiscal year by \$1,774,855.

## Note 15 - 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 16. 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 \$60,818,403 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 \$399,276.

## **2. Disability Income**

*Plan Administration:* As discussed in Note 16, 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 \$1,131,101 for the year ended June 30, 2025.

### **C. Net OPEB Liability**

*Retiree Health Benefit Fund:* At June 30, 2025, the University reported a liability of \$1,312,370,446 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 3.85848%, which was an increase of 0.04545 from its proportion measured as of June 30, 2023, which was 3.81303%.

*Disability Income Plan of North Carolina:* At June 30, 2025, the University reported an asset of \$1,343,713 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 4.08101%, which was an increase of 0.20202 from its proportion measured as of June 30, 2023, which was 3.87899%.

*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	\$ 1,561,379,423	\$ 1,312,370,446	\$ 1,112,435,321		
1% Decrease (2.00%)		Current Discount Rate (3.00%)		1% Increase (4.00%)	
DIPNC	\$ (1,198,144)	\$ (1,343,713)	\$ (1,496,710)		

*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	\$ 1,083,266,369	\$ 1,312,370,446	\$ 1,609,012,205		

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	\$ 36,964,662
DIPNC	684,504
<b>Total OPEB Expense</b>	<b>\$ 37,649,166</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	\$ 10,696,585	\$ 541,713	\$ 11,238,298
Changes of Assumptions	316,072,390	20,038	316,092,428
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	5,623,721	1,054,900	6,678,621
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	30,469,480	109,785	30,579,265
Contributions Subsequent to the Measurement Date	60,818,403	1,131,101	61,949,504
<b>Total</b>	<u>\$ 423,680,579</u>	<u>\$ 2,857,537</u>	<u>\$ 426,538,116</u>

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

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	\$ -	\$ 1,545,560	\$ 1,545,560
Changes of Assumptions	176,106,311	626,027	171,732,338
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	25,324,202	96,338	25,420,540
<b>Total</b>	<u>\$ 196,430,513</u>	<u>\$ 2,267,925</u>	<u>\$ 198,698,438</u>

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

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

Year Ending June 30:	RHBF	DIPNC
2026	\$ (10,385,126)	\$ (551,177)
2027	24,060,078	(366,069)
2028	87,905,275	197,190
2029	64,851,438	102,783
2030	(2)	75,784
Thereafter	-	-
<b>Total</b>	<u>\$ 166,431,663</u>	<u>\$ (541,489)</u>

## Note 16 - 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 15, Other Postemployment Benefits, for additional information regarding retiree health benefits.

#### 2. Death Benefit Plan of North Carolina

Term life insurance (death benefits) of \$25,000 to \$50,000 is provided to eligible workers who enroll in the Teachers' and State Employees' Retirement System. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was 0.13% for the current fiscal year.

#### 3. Disability Income Plan

Short-term and long-term disability benefits are provided to University employees through the Disability Income Plan of North Carolina (DIPNC), part of the State's Pension and Other Employee Benefit Trust Funds. Short-term benefits are paid by the University for up to twelve months. The Board of Trustees of the DIPNC may extend the short-term disability benefits for up to an additional twelve months. During the extended period of short-term disability benefits, payments are made directly by the DIPNC to the beneficiary. As discussed in Note 15, 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. Losses covered by the Fund are subject to a \$5,000 per occurrence deductible for 4-H Camps and Field Labs. All other locations are subject to a \$25,000 deductible. Some agencies have chosen a higher option deductible for a reduction in premium. Flood insurance can also be purchased as separate coverage for high-risk flood exposures. Some units chose to purchase business income and extra expense coverage for certain buildings depending on operations.

#### 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 pri-

vate 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. The types of insurance policies purchased include: medical professional liability, veterinary professional liability, fine arts property, master crime, inland marine property, musical instruments, campers accident and sickness coverage, athletic accident, boiler and machinery, watercraft, oceanographic equipment, cyber and data breach, student health, business travel, unmanned aerial systems liability, equine mortality, event cancellation, liquor liability, internship liability, volunteer liability, and nuclear energy liability.

### **Note 17 - 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 and other purchases were \$116,326,857 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 18 - Related Parties

**Foundations** - There are 7 separately incorporated nonprofit foundations associated with the University. These foundations are North Carolina State Alumni Association, Inc., NC State Engineering Foundation, Inc., NC State Natural Resources Foundation, Inc., North Carolina State University College of Sciences Foundation, Inc., North Carolina Veterinary Medical Foundation, Inc., North Carolina Textile Foundation, Inc., and NC State Student Aid Association, Inc.

These organizations serve, in conjunction with the University's component units (See Note 1A), as the primary fundraising arm of the University through which individuals, corporations, and other organizations support University programs by providing scholarships, fellowships, faculty salary supplements, and unrestricted funds to specific colleges and the University's overall academic environment. The University's financial statements do not include the assets, liabilities, net position, or operational transactions of the foundations, except for amounts reported within the fiduciary statements and support from each organization to the University. This support approximated \$64,047,333 for the year ended June 30, 2025.

**Nonprofit Corporation** - The Centennial Authority (Authority) was created by the 1995 General Assembly (Senate Bill 606) for the purpose of studying, designing, planning, constructing, owning, promoting, financing and operating a regional facility on land owned by the State. Prior to this act, the General Assembly authorized the construction by the University of a facility to be known as the "Entertainment and Sports Arena" (ESA). This facility serves as a regional sports entertainment center and is available for cultural performances, sporting events and other activities of the University or of other entities (the Centennial Center project). With the 1995 legislation, the Centennial Center project was transferred to the Authority.

The Authority entered into a Ground Lease with the State of North Carolina to lease land for the ESA for a period of 99 years at an annual rent of \$1. The University entered into a Use Agreement with the Authority. Both parties agreed that the University shall be the primary and preferred user of all areas of the ESA. Per Agreement the University is required to pay the greater of 10% of gross ticket revenues or \$61,356 for each men's and \$26,844 for each women's basketball game to compensate the Authority for facility rental and operating expenses for games held during fiscal year 2025. Rent and expense payments for miscellaneous events will be negotiated on an event-by-event basis based on the availability of the ESA and the anticipated attendance. In fiscal year 2025, the name "PNC Arena" was renamed "Lenovo Center".

## Note 19 - Blended Component Units

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

### Condensed Statement of Net Position Proprietary Fund June 30, 2025

	North Carolina State University	NC State Investment Fund, Inc.	NC State University Partnership Corporation	Eliminations	Total
<b>ASSETS</b>					
Current Assets	\$ 668,824,375	\$ 23,841,456	\$ 6,738,037	\$ -	\$ 699,403,868
Capital Assets, Net	2,492,506,222	-	22,699,302	-	2,515,205,524
Other Noncurrent Assets	239,078,959	913,647,110	17,293,637	-	1,170,019,706
Primary Government Receivable from Component Unit	2,785,750	-	-	(2,785,750)	-
Total Assets	3,403,195,306	937,488,566	46,730,976	(2,785,750)	4,384,629,098
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	613,961,174	-	-	-	613,961,174
<b>LIABILITIES</b>					
Current Liabilities	268,380,374	752,173	1,335,195	-	270,467,742
Long-Term Liabilities, Net	2,420,536,530	-	2,655,210	-	2,423,191,740
Other Noncurrent Liabilities	78,905,702	-	-	-	78,905,702
Component Unit Payable to Primary Government	-	-	2,785,750	(2,785,750)	-
Total Liabilities	2,767,822,606	752,173	6,776,155	(2,785,750)	2,772,565,184
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	224,448,169	-	16,623,828	-	241,071,997
<b>NET POSITION</b>					
Net Investment in Capital Assets	1,822,584,952	-	16,856,927	-	1,839,441,879
Restricted - Nonexpendable	(708,077,323)	936,736,393	-	-	228,659,070
Restricted - Expendable	613,661,301	-	288,147	-	613,949,448
Unrestricted	(703,283,225)	-	6,185,919	-	(697,097,306)
Total Net Position	\$ 1,024,885,705	\$ 936,736,393	\$ 23,330,993	\$ -	\$ 1,984,953,091

1. Total investments in the NC State Investment Fund., Inc. audit report included \$955,593,543 held in the Investment Fund for the North Carolina State University Foundation, Inc. and The North Carolina Agricultural Foundation, Inc. This amount is excluded from the University prepared financial statements and included in the accompanying component unit financial statements. See Note 2. It will therefore be excluded from the Condensed Statement of Net Position and the Condensed Statement of Revenues, Expenses, and Changes in Net Position.

2. Restricted Nonexpendable assets are held in the NC State Investment Fund, Inc. while the associated liabilities are held in North Carolina State University statements resulting in a negative net position before blending.

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

	North Carolina State University	NC State Investment Fund, Inc.	NC State University Partnership Corporation	Eliminations	Total
<b>OPERATING REVENUES</b>					
Operating Revenue	\$ 1,243,420,410	-	\$ 14,085,873	(9,202,155)	\$ 1,248,304,128
<b>OPERATING EXPENSES</b>					
Operating Expenses	2,011,410,563	-	11,589,535	(9,202,155)	2,013,797,943
Depreciation/Amortization	158,128,501	-	1,318,005	-	159,446,506
Total Operating Expenses	2,169,539,064	-	12,907,540	(9,202,155)	2,173,244,449
Operating Income (Loss)	(926,118,654)	-	1,178,333	-	(924,940,321)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State Appropriations	677,903,929	-	-	-	677,903,929
Student Financial Aid	73,586,843	-	-	-	73,586,843
Noncapital Contributions	121,029,083	-	-	-	121,029,083
Investment Income, Net	26,381,748	81,508,712	-	-	107,890,460
Other Nonoperating Revenues (Expenses)	(26,006,023)	-	950,824	-	(25,055,199)
Net Nonoperating Revenues	872,895,580	81,508,712	950,824	-	955,355,116
Capital Appropriations	585,000	-	-	-	585,000
Capital Contributions	102,390,537	-	-	-	102,390,537
Additions to Endowments	19,670,906	-	-	-	19,670,906
Total Other Revenues	122,646,443	-	-	-	122,646,443
Transfers	2,232,349	(2,232,349)	-	-	-
Increase in Net Position	71,655,718	79,276,363	2,129,157	-	153,061,238
<b>NET POSITION</b>					
Net Position, July 1, 2024, as restated	953,229,987	857,460,030	21,201,836	-	1,831,891,853
Net Position, June 30, 2025	\$ 1,024,885,705	\$ 936,736,393	\$ 23,330,993	-	\$ 1,984,953,091

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

	North Carolina State University	NC State Investment Fund, Inc.	NC State University Partnership Corporation	Total
Net Cash Provided (Used) by Operating Activities	\$ (737,859,634)	\$ -	\$ 2,064,664	\$ (735,794,970)
Cash Provided by Noncapital Financing Activities	892,547,921	-	1,368,286	893,916,207
Net Cash Used by Capital Financing and Related Financing Activities	(197,394,337)	-	(1,653,922)	(199,048,259)
Net Cash Provided (Used) by Investing Activities	27,626,748	(32,343,779)	-	(4,717,031)
Net Increase (Decrease) in Cash and Cash Equivalents	(15,079,302)	(32,343,779)	1,779,028	(45,644,053)
Cash and Cash Equivalents, July 1, 2024	733,242,308	56,185,235	3,679,615	793,107,158
Cash and Cash Equivalents, June 30, 2025	\$ 718,163,006	\$ 23,841,456	\$ 5,458,643	\$ 747,463,105

**Note 20 - Changes in Financial Accounting and Reporting**

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

*GASB Statement No. 101, Compensated Absences*

*GASB Statement No. 102, Certain Risk Disclosures*

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

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

## Note 21 - Net Position Restatement

Due to the implementation of GASB Statement No. 101, *Compensated Absences*, beginning net position was restated as follows:

	Amount
July 1, 2024 Net Position as Previously Reported	\$ 1,818,864,533
Change in Accounting Principle:	
Remove salary-related payments for the employer share of contributions to the State's Pension and OPEB Defined Benefit Plans from the compensated absences liability	13,027,320
<b>July 1, 2024 Net Position as Restated</b>	<b>\$ 1,831,891,853</b>

## Note 22 - Discretely Presented Component Units

The University's discretely presented component units use the accounting and reporting standards promulgated by FASB. Selected disclosures from the discretely presented component units' audited financial statements follow:

### NORTH CAROLINA STATE UNIVERSITY FOUNDATION, INC.

#### Long-Term Investments

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Long-Term Investments at June 30, 2025 consisted of:

	Cost	Fair Value
STIF	\$ 130,854	\$ 130,854
NC State Investment Fund, Inc.		
Long-Term Investment Pool (LTIP)	373,932,406	727,069,442
SRI Fund	64,092,780	67,467,850
Life Income Funds	4,389,070	5,084,876
Total	<u>\$ 442,545,110</u>	<u>\$ 799,753,022</u>

#### Life Income Funds

The consolidated financial statements include assets and liabilities of charitable gift annuities and unitrust agreements for which the Foundation is the trustee. The grantors and/or beneficiaries retain future income interests in these assets until their death. These life income funds are recorded at fair value at the date of gift. Life income funds at June 30, 2025 have fair value asset balances of \$5,084,876.

The liabilities for distributions to grantors and/or beneficiaries are computed using Internal Revenue Code annuity valuation tables, the distribution terms of the agreements, and the life expectancy of the beneficiaries, and totaled \$3,944,833 at June 30, 2025. Payments from these funds were \$620,350 during the year ended June 30, 2025. An unrestricted reserve account has been established in the Foundation's Charitable Gift Annuity ("CGA") pool to receive 10% from all new CGAs established in order to offset the liabilities for any annuities that reach exhaustion. The goal is to build the unrestricted reserve fund to equal 10% of the total value of the Foundation's CGA pool. As of June 30, 2025 the CGA reserve balance was \$12,177.

In addition to the above life income funds, the Foundation was named as the recipient of an externally managed irrevocable trust whose investments are managed and custodied by an external party with a market value of \$6,249,858 as of June 30, 2025. The related payable was \$4,306,332 as of June 30, 2025.

## Pledges Receivable

Pledges receivable consisted of the following at June 30, 2025:

Receivable in Less than One Year	\$	9,161,929
Receivable in One to Five Years		17,060,339
Receivable in Greater Than Five Years		<u>1,027,983</u>
Total Gross Pledges Receivable		27,250,251
Less Allowance for Uncollectible Pledges		(1,363,001)
Less Unamortized Discount (Discount Rate of 3.86% to 5.11%)		<u>(2,464,719)</u>
Net Pledges Receivable	\$	<u>23,422,531</u>

An allowance for doubtful accounts has been established and is updated annually to reflect 5% of the Foundation's outstanding pledge balance, excluding large pledges for which signed memorandums of understanding exist and therefore the Foundation is reasonably assured of collecting. Two donors represented approximately \$6.3 million of total undiscounted pledges receivable at June 30, 2025. Active past due and long-term pledges receivable are reviewed twice yearly by the Advancement Services office in order to determine if it is appropriate to allow for or write off such pledges.

## THE NORTH CAROLINA AGRICULTURAL FOUNDATION, INC.

### Long-Term Investments

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Long-Term Investments at June 30, 2025 consisted of:

	<u>Cost</u>	<u>Fair Value</u>
STIF	\$ 164,446	\$ 164,446
NC State Investment Fund, Inc.		
Long-Term Investment Pool (LTIP)	73,107,991	178,955,785
Life Income Funds	8,928,488	9,837,619
Total	<u>\$ 82,200,925</u>	<u>\$ 188,957,850</u>

### Life Income Funds

The financial statements include assets and liabilities of charitable gift annuities and unitrust agreements for which the Foundation is the trustee. The grantors and/or beneficiaries retain future income interests in these assets until their death. These life income funds are recorded at fair value at the date of gift and marked to market thereafter. Life income funds at June 30, 2025 have fair value asset balances of \$9,837,619.

The liabilities for distributions to the grantors and/or beneficiaries are computed using Internal Revenue Code annuity valuation tables, the distribution terms of the agreements, and the life expectancies of the beneficiaries, and totaled \$5,474,742 at June 30, 2025. Payments from these funds were \$522,988 during the year ended June 30, 2025. An unrestricted reserve account has been established in the Foundation's Charitable Gift Annuity ("CGA") pool to receive 10% from all new CGAs established to offset the liabilities for any annuities that reach exhaustion. The goal is to build the unrestricted reserve fund to equal 10% of the total value of the Foundation's CGA pool. As of June 30, 2025, the CGA reserve balance was \$187,534.

## Pledges Receivable

Pledges receivable consisted of the following at June 30, 2025:

Receivable in Less than One Year	\$	1,943,545
Receivable in One to Five Years		1,532,625
Receivable in Greater Than Five Years		<u>300,000</u>
Total Gross Pledges Receivable		3,776,170
Less Allowance for Uncollectible Pledges		(189,000)
Less Unamortized Discount (Discount Rate of 3.86% to 5.11%)		<u>(302,437)</u>
Net Pledges Receivable	\$	<u><u>3,284,733</u></u>

An allowance for doubtful accounts has been established and is updated annually to reflect 5% of the Foundation's outstanding pledge balance, along with any specific pledges for which collectability is uncertain. Three donors represented approximately \$1.75 million of total undiscounted pledges receivable at June 30, 2025. Active past due and long-term pledges receivable are reviewed twice yearly by the Advancement Services office in order to determine if it is appropriate to allow for or write off such pledges.

REQUIRED  
SUPPLEMENTARY  
INFORMATION

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NORTH CAROLINA  
STATE UNIVERSITY

2025 ANNUAL  
FINANCIAL REPORT

**NORTH CAROLINA STATE UNIVERSITY**  
**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	2.30292%	2.19954%	2.08912%	2.20005%	2.26827%
Proportionate Share of TSERS Collective Net Pension Liability	\$ 341,216,241	\$ 366,706,935	\$ 310,072,163	\$ 103,019,563	\$ 274,052,313
Covered Payroll	\$ 417,326,093	\$ 386,710,098	\$ 353,295,759	\$ 344,917,119	\$ 353,653,996
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	81.76%	94.83%	87.77%	29.87%	77.49%
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	2.26106%	2.22637%	2.22596%	2.20202%	2.13940%
Proportionate Share of TSERS Collective Net Pension Liability	\$ 234,403,118	\$ 221,659,379	\$ 176,617,483	\$ 202,388,385	\$ 78,841,126
Covered Payroll	\$ 346,742,820	\$ 331,594,965	\$ 324,634,557	\$ 312,155,082	\$ 308,539,969
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	67.60%	66.85%	54.41%	64.84%	25.55%
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 ending June 30.

**NORTH CAROLINA STATE UNIVERSITY**  
**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	\$ 72,971,316	\$ 73,616,323	\$ 67,210,215	\$ 57,869,845	\$ 50,978,750
Contributions in Relation to the Contractually Determined Contribution	72,971,316	73,616,323	67,210,215	57,869,845	50,978,750
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 434,611,766	\$ 417,326,093	\$ 386,710,098	\$ 353,295,759	\$ 344,917,119
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	\$ 45,868,923	\$ 42,614,693	\$ 35,745,937	\$ 32,398,529	\$ 28,562,190
Contributions in Relation to the Contractually Determined Contribution	45,868,923	42,614,693	35,745,937	32,398,529	28,562,190
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 353,653,996	\$ 346,742,820	\$ 331,594,965	\$ 324,634,557	\$ 312,155,082
Contributions as a Percentage of Covered Payroll	12.97%	12.29%	10.78%	9.98%	9.15%

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

**NORTH CAROLINA STATE UNIVERSITY**  
**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:*

Teachers' and State Employees' Retirement System	<b>Cost of Living Increase</b>									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	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 14 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

**NORTH CAROLINA STATE UNIVERSITY**  
**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>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Retiree Health Benefit Fund</b>					
Proportionate Share Percentage of Collective Net OPEB Liability	3.85848%	3.81303%	3.72503%	3.82676%	3.90378%
Proportionate Share of Collective Net OPEB Liability	\$ 1,312,370,446	\$ 1,016,074,701	\$ 884,577,552	\$ 1,183,066,098	\$ 1,082,941,007
Covered Payroll	\$ 822,525,909	\$ 756,695,522	\$ 699,372,467	\$ 674,891,261	\$ 685,244,979
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	159.55%	134.28%	126.48%	175.30%	158.04%
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	3.88356%	3.83759%	3.54230%	3.97671%	
Proportionate Share of the Collective Net OPEB Liability	\$ 1,228,738,701	\$ 1,093,258,395	\$ 1,161,399,772	\$ 1,730,004,018	
Covered Payroll	\$ 668,939,140	\$ 640,522,115	\$ 622,217,834	\$ 593,161,610	
Proportionate Share of Net OPEB Liability as a Percentage of Covered Payroll	183.68%	170.68%	186.65%	291.66%	
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.40%	4.40%	3.52%	2.41%	

**NORTH CAROLINA STATE UNIVERSITY**  
**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\***

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Disability Income Plan of North Carolina</b>					
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	4.08101%	3.87899%	3.68467%	3.74971%	3.95654%
Proportionate Share of the Collective Net OPEB Liability (Asset)	\$ (1,343,713)	\$ 1,031,656	\$ 1,096,116	\$ (612,478)	\$ (1,946,380)
Covered Payroll	\$ 822,525,909	\$ 756,695,522	\$ 699,372,467	\$ 674,891,261	\$ 685,244,979
Proportionate Share of Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.16%	0.14%	0.16%	0.09%	0.28%
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)	3.92068%	3.89123%	3.85175%	3.71822%	
Proportionate Share of the Collective Net OPEB Liability (Asset)	\$ (1,691,773)	\$ (1,182,000)	\$ (2,354,190)	\$ (2,309,387)	
Covered Payroll	\$ 668,939,140	\$ 640,522,115	\$ 622,217,834	\$ 593,161,610	
Proportionate Share of Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.25%	0.18%	0.38%	0.39%	
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.

**NORTH CAROLINA STATE UNIVERSITY**  
**Required Supplementary Information**  
**Schedule of University Contributions**  
**Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans**  
**Last Ten Fiscal Years**

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Retiree Health Benefit Fund</b>					
Contractually Required Contribution	\$ 60,818,403	\$ 58,728,350	\$ 52,136,321	\$ 43,990,528	\$ 45,082,736
Contributions in Relation to the Contractually Determined Contribution	60,818,403	58,728,350	52,136,321	43,990,528	45,082,736
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 870,077,297	\$ 822,525,909	\$ 756,695,522	\$ 699,372,467	\$ 674,891,261
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	\$ 44,335,350	\$ 41,942,484	\$ 38,751,588	\$ 36,150,856	\$ 33,217,050
Contributions in Relation to the Contractually Determined Contribution	44,335,350	41,942,484	38,751,588	36,150,856	33,217,050
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 685,244,979	\$ 668,939,140	\$ 640,522,115	\$ 622,217,834	\$ 593,161,610
Contributions as a Percentage of Covered Payroll	6.47%	6.27%	6.05%	5.81%	5.60%

**NORTH CAROLINA STATE UNIVERSITY**  
**Required Supplementary Information**  
**Schedule of University Contributions**  
**Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans**  
**Last Ten Fiscal Years**

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Disability Income Plan of North Carolina</b>					
Contractually Required Contribution	\$ 1,131,101	\$ 904,779	\$ 756,696	\$ 629,435	\$ 607,402
Contributions in Relation to the Contractually Determined Contribution	1,131,101	904,779	756,696	629,435	607,402
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 870,077,297	\$ 822,525,909	\$ 756,695,522	\$ 699,372,467	\$ 674,891,261
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	\$ 685,245	\$ 936,515	\$ 896,731	\$ 2,364,428	\$ 2,431,963
Contributions in Relation to the Contractually Determined Contribution	685,245	936,515	896,731	2,364,428	2,431,963
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 685,244,979	\$ 668,939,140	\$ 640,522,115	\$ 622,217,834	\$ 593,161,610
Contributions as a Percentage of Covered Payroll	0.10%	0.14%	0.14%	0.38%	0.41%

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

**NORTH CAROLINA STATE UNIVERSITY**  
**Notes to Required Supplementary Information**  
**Schedule of University Contributions**  
**Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans**  
**For 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 15 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*.

# SUPPLEMENTARY INFORMATION SECTION

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NORTH CAROLINA  
STATE UNIVERSITY

2025 ANNUAL  
FINANCIAL REPORT

## Ratio of Net Gain in Endowment Investments

Ten Year History

For the Year Ended June 30,

(in thousands)

### University Endowment Investments - Market Value

Fiscal Year	End of Year	Beginning of Year	Yearly Change	Ratio
2015-2016	209,047	230,099	(21,052)	(9.15)
2016-2017	311,538	209,047	102,491	49.03
2017-2018	349,411	311,538	37,873	12.16
2018-2019	372,836	349,411	23,425	6.70
2019-2020	379,562	372,836	6,726	1.80
2020-2021	522,702	379,562	143,140	37.71
2021-2022	531,981	522,702	9,279	1.78
2022-2023	526,942	531,981	(5,039)	(0.95)
2023-2024	586,592	526,942	59,650	11.32
2024-2025	645,328	586,592	58,736	10.01

## Available Funds

For the Year Ended June 30,  
(in thousands)

	2021	2022	2023	2024	2025
Total Unrestricted Revenue	\$ 1,189,261	\$ 1,395,981	\$ 1,506,642	\$ 1,661,180	\$ 1,694,671
Less:					
State Appropriations	(520,557)	(578,016)	(616,311)	(658,859)	(677,904)
Tuition and Fees	(284,936)	(295,763)	(307,281)	(319,141)	(302,227)
Plus:					
Beginning Unrestricted Net Position	(1,352,030)	(1,252,576)	(1,067,517)	(837,986)	(734,832)
Total	(968,262)	(730,374)	(484,467)	(154,806)	(20,292)
Adjustments for Pension and OPEB					
GASB 68 Pension	166,579	135,072	128,684	148,073	171,396
GASB 75 OPEB	1,443,634	1,341,809	1,167,338	1,108,086	1,085,120
Total Adjusted Available Funds	641,951	746,507	811,555	1,101,353	1,236,224

More information on the effect of both Pension and OPEB on unrestricted net position is available in Note 11 - Net Position.

## Admissions, Enrollment and Degree Statistics

### Ten Year History of Fall Enrollment

#### (Headcount)

Freshman Admissions	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Applied	21,102	26,224	26,835	30,177	30,970	31,352	32,885	35,401	39,820	44,043
Accepted	10,582	12,353	13,690	14,059	13,902	14,419	15,535	16,650	15,749	19,381
Enrolled	4,212	4,229	4,656	4,844	4,771	4,665	4,979	5,540	5,565	5,837
SAT Total	1,250	1,263	1,309	1,319	1,337	1,320	1,352	1,340	1,360	1,360
SAT Verbal	610	617	647	649	658	651	665	650	670	680
SAT Math	640	646	662	670	679	669	687	680	690	690
Transfer Admissions										
Applied	4,166	4,184	4,381	4,671	4,249	4,044	4,139	4,461	4,746	4,984
Accepted	1,472	1,712	1,831	1,938	1,820	2,037	1,913	1,831	2,125	2,337
Enrolled	1,107	1,223	1,275	1,343	1,307	1,445	1,386	1,270	1,485	1,617
Graduate Admissions										
Applied	15,394	16,650	15,746	15,075	15,382	14,952	15,244	15,996	14,891	15,414
Accepted	3,583	3,429	3,791	3,653	4,286	3,917	4,190	3,967	3,949	3,937
Enrolled	2,892	2,802	3,147	3,029	3,133	2,517	3,293	2,838	3,148	2,982

#### (Percentage of Total Applications)

Freshman Admissions	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Accepted	50.1%	47.1%	51.0%	46.6%	44.9%	46.0%	47.2%	47.0%	39.6%	44.0%
Enrolled	20.0%	16.1%	17.4%	16.1%	15.4%	14.9%	15.1%	15.6%	14.0%	13.3%
Transfer Admissions										
Accepted	35.3%	40.9%	41.8%	41.5%	42.8%	50.4%	46.2%	41.0%	44.8%	46.9%
Enrolled	26.6%	29.2%	29.1%	28.8%	30.8%	35.7%	33.5%	28.5%	31.3%	32.4%
Graduate Admissions										
Accepted	23.3%	20.6%	24.1%	24.2%	27.9%	26.2%	27.5%	24.8%	26.5%	25.5%
Enrolled	18.8%	16.8%	20.0%	20.1%	20.4%	16.8%	21.6%	17.7%	21.1%	19.3%

#### (Degrees Conferred)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Undergraduate Certificate	65	89	74	93	91	110	165	93	89	81
Bachelors	5,559	5,681	5,678	5,800	5,961	5,996	6,384	6,530	6,405	6,667
Graduate Certificate	194	199	277	319	341	426	457	498	457	463
Masters	2,341	2,522	2,722	2,662	2,763	2,736	2,902	2,388	2,997	2,637
Doctoral - Research	514	523	546	533	573	568	536	577	553	603
Doctoral - Professional	79	98	95	100	99	100	96	99	94	100
<b>Total</b>	<b>8,752</b>	<b>9,112</b>	<b>9,392</b>	<b>9,507</b>	<b>9,828</b>	<b>9,936</b>	<b>10,540</b>	<b>10,185</b>	<b>10,625</b>	<b>10,551</b>

Admissions, Enrollment and Degree  
Statistics

Ten Year History of Fall Enrollment

(Headcount)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Undergraduate	22,462	22,346	22,755	23,658	24,239	24,671	24,999	25,108	26,229	27,224
Graduate	9,265	9,908	10,282	9,827	10,331	9,473	10,034	10,104	9,645	9,669
Non-Degree Studies	2,288	1,501	1,395	1,994	1,734	1,898	1,798	1,488	1,449	1,571
Full-time	26,767	26,776	27,415	28,368	28,791	28,314	29,099	29,837	30,660	31,868
Part-time	7,248	6,979	7,017	7,111	7,513	7,728	7,732	6,863	6,663	6,596
Male	18,769	18,561	18,691	18,917	19,014	18,481	18,623	18,643	18,849	19,373
Female	15,246	15,194	15,741	16,562	17,290	17,561	18,208	18,057	18,474	19,091
American Indian or Alaska Native	106	117	124	128	138	135	140	123	129	119
Asian	1,628	1,762	1,924	2,282	2,432	2,596	2,763	2,983	3,168	3,393
Black or African American	2,164	2,075	2,038	2,055	2,258	2,354	2,399	2,303	2,294	2,371
Hispanic or Latino	1,488	1,469	1,597	1,761	2,011	2,121	2,398	2,570	2,850	3,229
Native Hawaiian or Pacific Islander	27	23	19	19	19	28	24	24	22	19
Two or More Races	1,035	1,043	1,078	1,145	1,188	1,349	1,381	1,465	1,567	1,732
U.S. Nonresident	4,162	4,154	4,328	4,068	4,163	3,271	3,487	3,969	3,787	3,733
Unknown	812	944	1,637	2,112	1,689	1,222	957	776	657	761
White	22,593	22,168	21,687	21,909	22,406	22,966	23,282	22,487	22,849	23,107
In-state	26,440	26,277	26,931	28,153	28,947	29,543	29,961	29,096	29,792	30,786
Out-of-state	3,733	3,605	3,472	3,277	3,260	3,359	3,360	3,544	3,646	3,843
International	3,842	3,873	4,029	4,049	4,097	3,140	3,510	4,060	3,885	3,835
Total Enrollment	34,015	33,755	34,432	35,479	36,304	36,042	36,831	36,700	37,323	38,464

(Percentage of Total)

Undergraduate	66.0%	66.2%	66.1%	66.7%	66.8%	68.5%	67.9%	68.4%	70.3%	70.8%
Graduate	27.2%	29.4%	29.9%	27.7%	28.5%	26.3%	27.2%	27.5%	25.8%	25.1%
Lifelong Education	6.7%	4.4%	4.1%	5.6%	4.8%	5.3%	4.9%	4.1%	3.9%	4.1%
Full-time	78.7%	79.3%	79.6%	80.0%	79.3%	78.6%	79.0%	81.3%	82.1%	82.9%
Part-time	21.3%	20.7%	20.4%	20.0%	20.7%	21.4%	21.0%	18.7%	17.9%	17.1%
Male	55.2%	55.0%	54.3%	53.3%	52.4%	51.3%	50.6%	50.8%	50.5%	50.4%
Female	44.8%	45.0%	45.7%	46.7%	47.6%	48.7%	49.4%	49.2%	49.5%	49.6%
American Indian or Alaska Native	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%
Asian	4.8%	5.2%	5.6%	6.4%	6.7%	7.2%	7.5%	8.1%	8.5%	8.8%
Black or African American	6.4%	6.1%	5.9%	5.8%	6.2%	6.5%	6.5%	6.3%	6.1%	6.2%
Hispanic or Latino	4.4%	4.4%	4.6%	5.0%	5.5%	5.9%	6.5%	7.0%	7.6%	8.4%
Native Hawaiian or Pacific Islander	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%
Two or More Races	3.0%	3.1%	3.1%	3.2%	3.3%	3.7%	3.7%	4.0%	4.2%	4.5%
U.S. Nonresident	12.2%	12.3%	12.6%	11.5%	11.5%	9.1%	9.5%	10.8%	10.1%	9.7%
Unknown	2.4%	2.8%	4.8%	6.0%	4.6%	3.4%	2.6%	2.1%	1.8%	2.0%
White	66.4%	65.7%	63.0%	61.8%	61.7%	63.7%	63.2%	61.3%	61.2%	60.1%
In-state	77.7%	77.8%	78.2%	79.4%	79.7%	82.0%	81.3%	79.3%	79.8%	80.0%
Out-of-state	11.0%	10.7%	10.1%	9.2%	9.0%	9.3%	9.1%	9.7%	9.8%	10.0%
International	11.3%	11.5%	11.7%	11.4%	11.3%	8.7%	9.5%	11.1%	10.4%	10.0%

Admissions, Enrollment and  
Degree Statistics

Enrollment by County

Student Enrollment, Fall  
Semester 2024

Residence	Total	Residence	Total	Residence	Total	Residence	Total
Alamance	545	Cumberland	530	Johnston	903	Randolph	217
Alexander	36	Currituck	54	Jones	10	Richmond	40
Alleghany	12	Dare	121	Lee	160	Robeson	106
Anson	19	Davidson	339	Lenoir	89	Rockingham	115
Ashe	38	Davie	115	Lincoln	193	Rowan	133
Avery	29	Duplin	71	McDowell	50	Rutherford	69
Beaufort	85	Durham	1,029	Macon	21	Sampson	123
Bertie	25	Edgecombe	65	Madison	14	Scotland	38
Bladen	55	Forsyth	821	Martin	31	Stanly	72
Brunswick	203	Franklin	227	Mecklenburg	2,416	Stokes	59
Buncombe	542	Gaston	371	Mitchell	15	Surry	131
Burke	107	Gates	15	Montgomery	36	Swain	9
Cabarrus	567	Graham	8	Moore	329	Transylvania	45
Caldwell	110	Granville	160	Nash	231	Tyrrell	5
Camden	26	Greene	27	New Hanover	727	Union	1,032
Carteret	212	Guilford	1,486	Northhampton	16	Vance	64
Caswell	24	Halifax	72	Onslow	283	Wake	10,454
Catawba	303	Harnett	257	Orange	803	Warren	15
Chatham	341	Haywood	65	Pamlico	22	Washington	12
Cherokee	18	Henderson	163	Pasquotank	39	Watauga	100
Chowan	26	Hertford	23	Pender	186	Wayne	209
Clay	8	Hoke	49	Perquimans	10	Wilkes	47
Cleveland	129	Hyde	13	Person	74	Wilson	169
Columbus	87	Iredell	511	Pitt	318	Yadkin	58
Craven	239	Jackson	48	Polk	38	Yancey	24
						Total	30,786

## Admissions, Enrollment and Degree Statistics

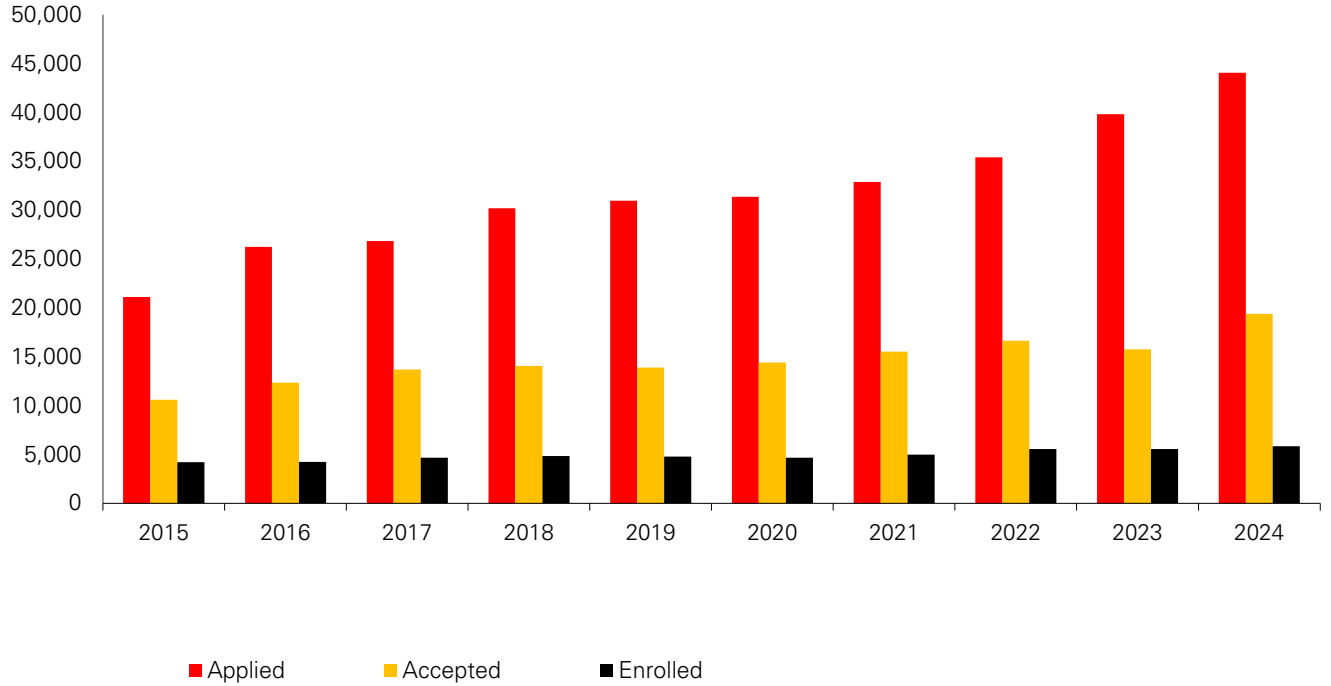
### Five Year Comparison of Enrollment by Level and College

#### Student Enrollment, Fall Semester

	2020	2021	2022	2023	2024
Undergraduate					
Agriculture and Life Sciences	2,689	2,637	2,577	2,655	2,919
Agriculture Institute	268	229	211	236	282
Design	580	614	626	678	683
Education	584	618	614	631	659
Engineering	6,691	6,925	7,154	7,665	7,994
Humanities and Social Sciences	3,776	3,773	3,626	3,872	3,939
Management	3,435	3,557	3,509	3,547	3,597
Natural Resources	1,587	1,565	1,536	1,623	1,641
Sciences	3,080	3,100	3,127	3,168	3,284
Textiles	790	763	759	783	874
Non Degree Studies	1,479	1,506	1,146	1,094	1,198
Units Outside Organized College	1,191	1,218	1,369	1,531	1,352
Total Undergraduate	26,150	26,505	26,254	27,483	28,422
Total FTE Undergraduate	23,848	24,211	24,476	25,592	26,615
	2020	2021	2022	2023	2024
Graduate					
Agriculture and Life Sciences	995	1,047	1,006	935	933
Design	281	310	302	283	269
Education	1,299	1,339	1,193	1,078	992
Engineering	2,751	3,093	3,588	3,446	3,454
Humanities and Social Sciences	898	908	867	811	794
Management	916	946	906	862	916
Natural Resources	497	537	495	455	469
Sciences	1,010	1,013	1,002	1,006	1,001
Textiles	220	237	215	203	191
Veterinary Medicine	486	487	477	497	534
Non Degree Studies	419	292	342	355	373
Units Outside Organized College	136	120	92	109	116
Total Graduate	9,908	10,329	10,485	10,040	10,042
Total FTE Graduate	7,674	8,100	8,278	7,892	7,938
Total Headcount	36,058	36,834	36,739	37,523	38,464
Total FTE Enrollment	31,522	32,311	32,754	33,484	34,553
Percentage of Students (FTE) from Outside State	18.3%	18.9%	21.0%	20.6%	20.4%

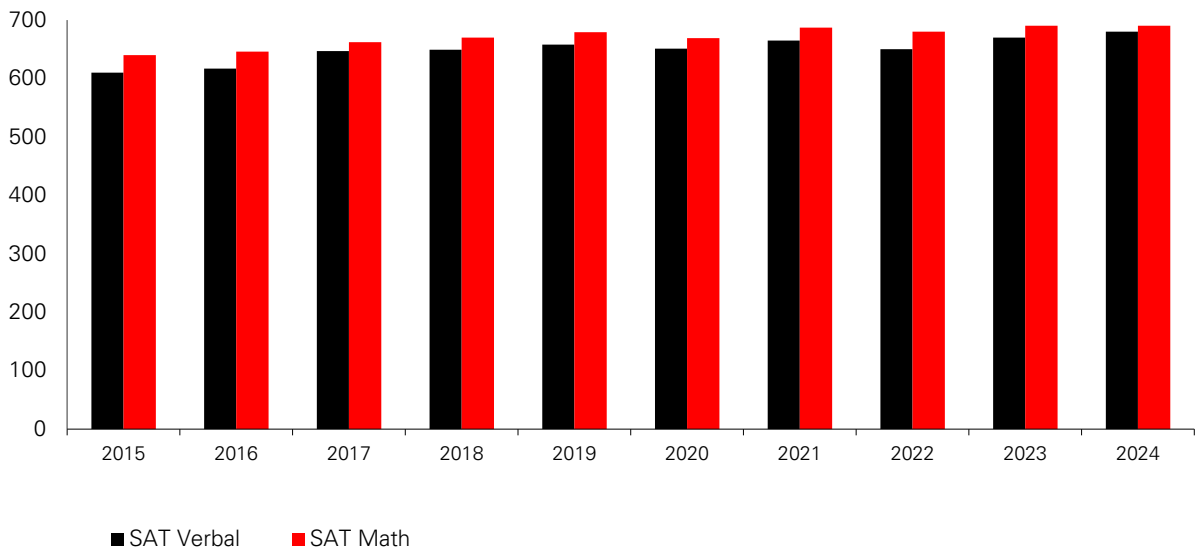
## Fall Enrollment

### Freshman Admissions by Year

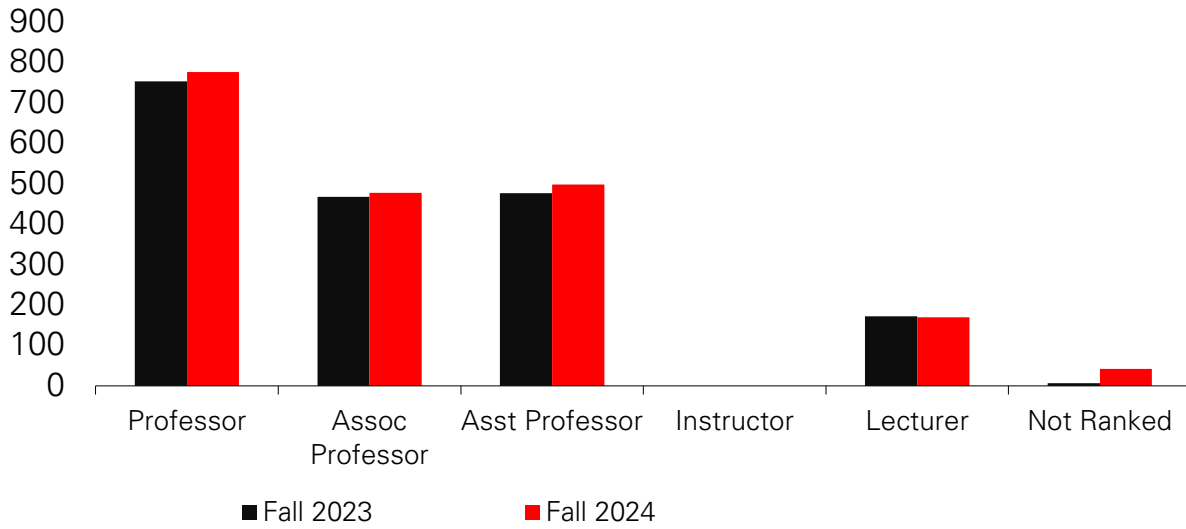


## SAT Scores

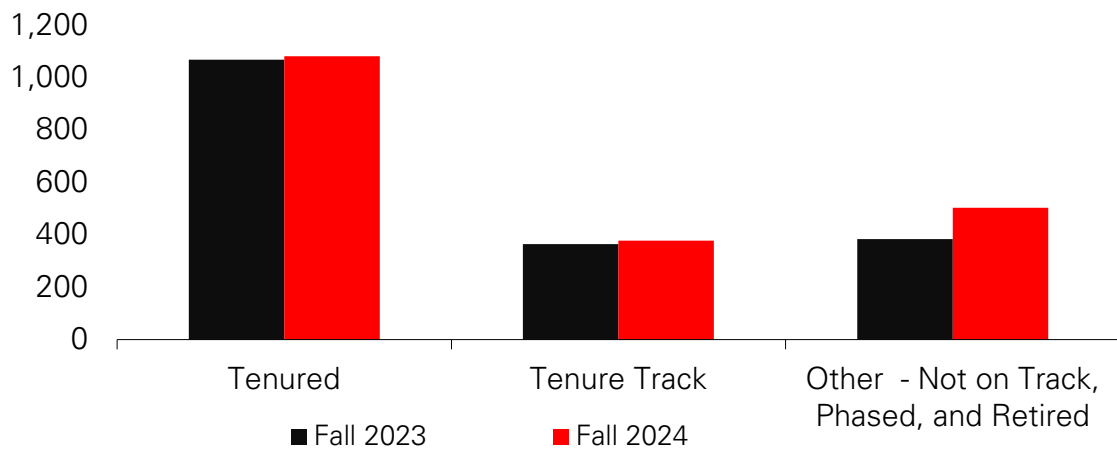
### Freshman Admissions by Year



## Faculty by Rank



## Full Time Faculty by Tenure

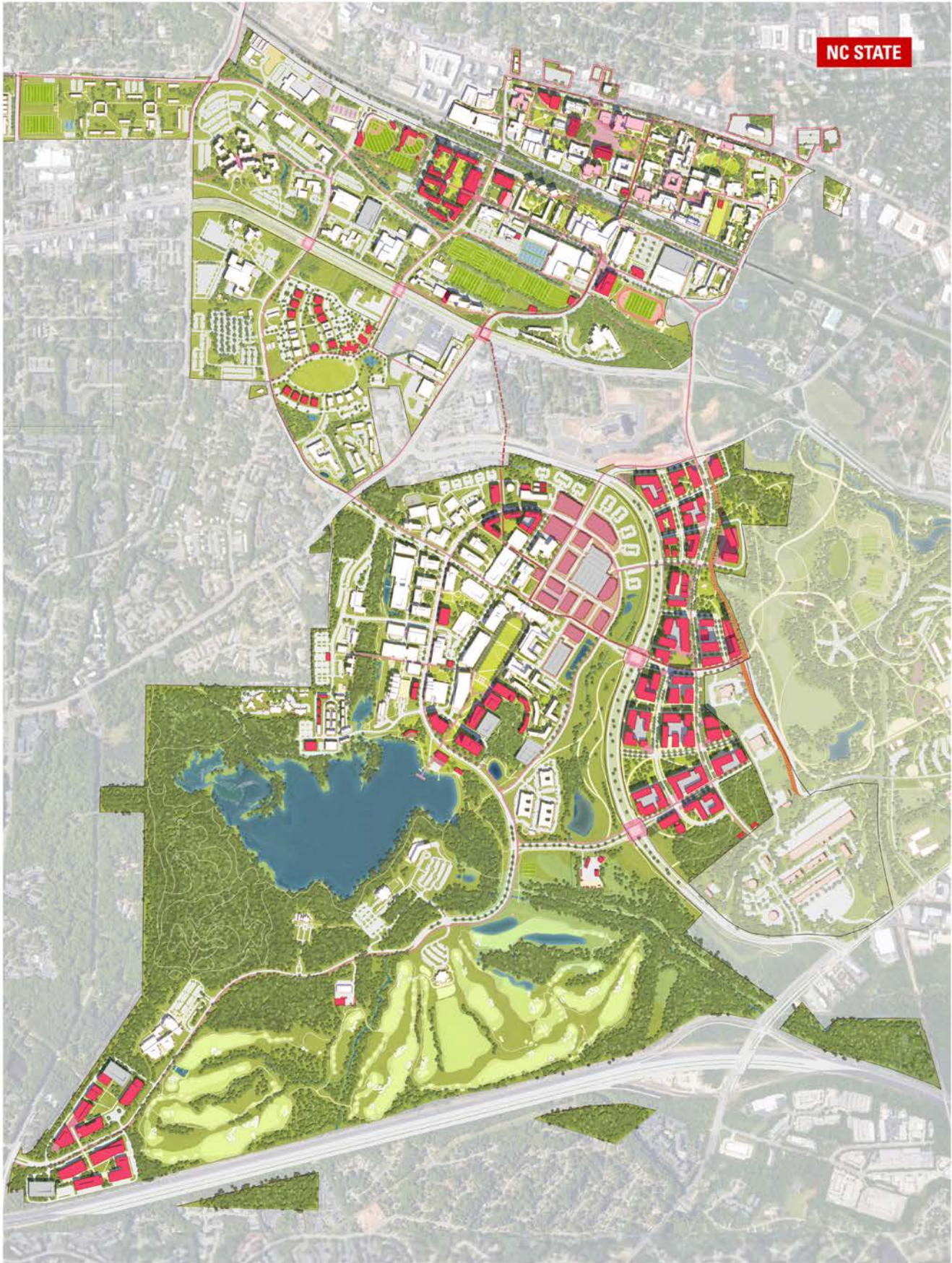


NC STATE

# Physical Master Plan

## NC STATE UNIVERSITY





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