PRELIMINARY OFFICIAL STATEMENT DATED APRIL 25, 2025

NEW ISSUE
BOOK-ENTRY ONLY

RATING: Moody's: "Aa3"
See "RATING" herein

In the opinion of Parker Poe Adams & Bernstein LLP, Bond Counsel, under existing law, (1) assuming compliance by the Board and the University with certain requirements of the Internal Revenue Code of 1986 (the "Code"), as amended, interest on the 2025 Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax; provided, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations, and (2) interest on the 2025 Bonds is exempt from State of North Carolina income taxation. ***See "TAX TREATMENT" herein.***

Western Carolina UNIVERSITY

$29,745,000*
WESTERN CAROLINA UNIVERSITY
GENERAL REVENUE BONDS, SERIES 2025
of
THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA

Dated: Date of Delivery **Due: April 1, as shown below**

Western Carolina University General Revenue Bonds, Series 2025 (the "*2025 Bonds*") are limited obligations of the Board of Governors of The University of North Carolina (the "*Board*"), payable solely from Available Funds (as defined herein) of Western Carolina University (the "*University*"). THE 2025 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF NORTH CAROLINA OR OF ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NORTH CAROLINA OR OF ANY POLITICAL SUBDIVISION OR INSTRUMENTALITY THEREOF IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE 2025 BONDS.

Interest on the 2025 Bonds is payable on each April 1 and October 1, commencing October 1, 2025. Principal and redemption price of, and interest on, the 2025 Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as trustee (the "*Trustee*") to Cede & Co. as nominee for DTC. The 2025 Bonds are subject to redemption before their maturities as set forth herein. The 2025 Bonds are being issued to provide funds to finance projects of the University and pay the costs of issuing the 2025 Bonds. The 2025 Bonds are issued under and secured by a General Trust Indenture dated as of November 1, 2015, between the Board and the Trustee and Series Indenture, Number 5 dated as of May 1, 2025 between the Board and the Trustee.

The 2025 Bonds are offered when, as and if issued and accepted by the underwriter, subject to prior sale, modification or withdrawal of the offer without notice, and subject to the approval of validity and certain other matters by Parker Poe Adams & Bernstein LLP. Certain legal matters were passed on for the Board and for the University by or on behalf of Hon. Jeffrey Jackson, Attorney General of the State of North Carolina. First Tryon Advisors is serving as financial advisor to the University in connection with the issuance and sale of the 2025 Bonds. It is expected that delivery of the 2025 Bonds will be made on or about May 21, 2025, through the facilities of DTC in Brooklyn, New York against payment therefor. See APPENDIX E, **"INFORMATION CONCERNING THE BOOK-ENTRY ONLY SYSTEM."**

May __, 2025

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* Preliminary; subject to change.

MATURITY SCHEDULE*

(BASE CUSIP NUMBER 957897)[1]

$29,745,000* SERIAL 2025 BONDS

DUE APRIL 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP NO.[1]	DUE APRIL 1	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP NO.[1]
2026	$640,000				2041	$ 925,000			
2027	470,000				2042	970,000			
2028	490,000				2043	1,020,000			
2029	515,000				2044	1,070,000			
2030	540,000				2045	1,125,000			
2031	570,000				2046	1,180,000			
2032	595,000				2047	1,240,000			
2033	625,000				2048	1,300,000			
2034	655,000				2049	1,365,000			
2035	690,000				2050	1,435,000			
2036	725,000				2051	1,505,000			
2037	760,000				2052	1,580,000			
2038	800,000				2053	1,660,000			
2039	840,000				2054	1,745,000			
2040	880,000				2055	1,830,000			

[1] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. Copyright © 2025 CUSIP Global Services. All rights reserved. The CUSIP data herein is provided solely for the convenience of reference only None of the Board, the University, the Underwriter or the Trustee is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the 2025 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2025 Bonds as a result of various subsequent actions.

* Preliminary; subject to change.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized. The electronic distribution of this Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the 2025 Bonds offered hereby, nor shall there be any offer or solicitation of such offer or sale of the 2025 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the 2025 Bonds implies that the information herein is correct as of any date subsequent to the date hereof.

The information contained herein has been obtained from sources believed to be reliable and is in form deemed final by the Board for the purpose of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for certain information permitted to be omitted under Rule 15c2-12(b)(1)). The information contained herein is subject to change after the date of this Official Statement, and this Official Statement speaks only as of its date.

Neither the 2025 Bonds nor the Indentures (as hereinafter defined) have been registered or qualified with the Securities and Exchange Commission. The registration or qualification of the 2025 Bonds and the Indentures in accordance with applicable provisions of securities laws of the states in which the 2025 Bonds have been registered or qualified, and the exemption from registration or qualification in other states, shall not be regarded as a recommendation thereof.

In making an investment decision, investors must rely on their own examination of the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2025 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the Board since the date hereof.

Certain statements contained in this Official Statement reflect not historical facts but forecasts and "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions, expressions of opinions, estimates and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE BOARD NOR THE UNIVERSITY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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OFFICIAL STATEMENT

Relating to

$29,745,000*
Western Carolina University
General Revenue Bonds, Series 2025

of

The Board of Governors of the University of North Carolina

The purpose of this Official Statement, which includes the appendices attached hereto, is to furnish information in connection with the sale by The Board of Governors (the "*Board*") of The University of North Carolina of $29,745,000* aggregate principal amount of Western Carolina University General Revenue Bonds, Series 2025 (the "*2025 Bonds*").

INTRODUCTION

The 2025 Bonds will be issued under and secured by a General Trust Indenture dated as of November 1, 2015 (the "*General Indenture*"), between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee (the "*Trustee*"); Series Indenture, Number 5 dated as of May 1, 2025 between the Board and the Trustee (the "*Fifth Series Indenture*," and collectively with the General Indenture, the "*Indentures*"); a resolution adopted by the Board on April 10, 2025, and the Constitution and laws of the State of North Carolina (the "*State*"), including Section 116D-21 *et. seq*. of the General Statutes of North Carolina, as amended (the "*Act*").

The 2025 Bonds are being issued to (1) pay the costs of the acquisition, construction, equipping and furnishing of the 2025 Project, as described herein, and (2) pay the costs incurred in connection with the issuance of the 2025 Bonds. See the caption **"THE PLAN OF FINANCE"** herein.

LIMITED OBLIGATIONS

The 2025 Bonds are limited obligations of the Board, payable solely from Available Funds of Western Carolina University (the "*University*" or "*WCU*"), as defined under the caption **"SECURITY FOR THE 2025 BONDS"** herein. Debt payable from the University's Available Funds (the "*Existing Available Funds Obligations*"), has been issued prior to the date of issuance of the 2025 Bonds. See the caption **"PRINCIPAL AND INTEREST REQUIREMENTS"** herein. Additional Bonds may be issued under the General Indenture, and the University or the Board may issue other parity obligations under the conditions and limitations set forth in the General Indenture and described under the caption **"SECURITY FOR THE 2025 BONDS —ADDITIONAL INDEBTEDNESS"** herein.

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* Preliminary; subject to change.

The 2025 Bonds do not constitute a debt or liability of the State or of any political subdivision thereof, and neither the faith and credit nor the taxing power of the State or of any political subdivision or instrumentality thereof is pledged for the payment of the principal of, or interest on, the 2025 Bonds. The 2025 Bonds do not directly, indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any taxes whatsoever therefor.

BONDHOLDER RISKS

Certain external events beyond the control of the Board and the University, such as pandemics and other public health issues, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the University's ability to conduct its operations.

There are a number of factors affecting institutions of higher education, including the University, that could have an adverse effect on the University's financial position and its ability to pay debt service on its bonds. Without intending to limit the generality of the foregoing, these factors include: demographic trends; competition from other educational institutions; an economic downturn; shortfalls in sources of University revenue other than tuition and fees, such as fundraising campaigns and other general donor contributions, grants or appropriations from governmental agencies (including changes in federally guaranteed student financial aid programs), private sponsors; changes in college athletics and associated revenue streams; a decrease in student loan opportunities that may impact enrollment; investment losses in endowment and other funds; losses not covered by insurance; increasing costs of compliance with governmental regulations, and costs of compliance with the changes in such regulations; and future legislation, regulatory, and judicial or administrative determinations affecting conditions that are unpredictable.

Federal policies, regulations and laws with respect to federal grants, the debt ceiling, taxes, trade and other topics are subject to change based on legislative and executive branch priorities. Examples include reductions in federal funding for research through direct and indirect costs. Federal funding, including federal research funding, is subject to federal legislative action, including through the federal budget process and sequestration. Budgetary acts, including sequestration, could continue to affect the availability of federal funds. Executive actions, including actions seeking to pause, reduce, eliminate or reallocate federal grant, loan and other financial assistance, also could affect the availability of federal funds. Proposed and potential federal legislative and executive actions and initiatives could impact the University, its operations and its financial condition. See "**Federal Funding**" in Appendix A hereto.

All or a portion of interest on the 2025 Bonds could become subject to federal income tax as a result of changes of law. Current and future legislative proposals, if enacted into law, clarifications of the Internal Revenue Code of 1986, as amended, or court decisions may cause interest on the 2025 Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest.

See also "APPENDIX A – Cybersecurity" herein.

ADDITIONAL INFORMATION

This Official Statement includes financial and other information about the Board and the University and also contains descriptions of the 2025 Bonds and the Indentures. Capitalized terms used herein are defined in Appendix C hereto or in the Indentures. All references herein to the General Indenture, the Fifth Series Indenture, the 2025 Bonds and other documents and agreements are qualified in their entirety by reference to such documents and agreements which may be obtained on (1) written request to the University's Vice Chancellor for Administration and Finance, Western Carolina University, 312 HFR Administration Building, Cullowhee, North Carolina 28723 and (2) payment of duplicating costs.

The Board has agreed to provide, or cause the University to provide, continuing disclosure of annual financial information and operating data and material events regarding the 2025 Bonds. See the caption **"CONTINUING DISCLOSURE OBLIGATION"** herein.

PROFESSIONALS

Parker Poe Adams & Bernstein LLP is Bond Counsel, and will submit its approving opinion with regard to the legality of the 2025 Bonds. First Tryon Advisors is serving as financial advisor to the University in connection with the issuance and sale of the 2025 Bonds. The Bank of New York Mellon Trust Company, N.A. (the "*Trustee,*" "*Paying Agent*" and "*Registrar*"), through its corporate trust office in Jacksonville, Florida, will serve as trustee, paying agent and registrar for the 2025 Bonds.

SECURITY FOR THE 2025 BONDS

GENERAL

The 2025 Bonds are payable from Available Funds of the University or the Board. "*Available Funds*" is defined in the General Indenture as any legally available funds of the University, or of the Board held for the University, in each Fiscal Year, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by University students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof, (4) revenues generated by Special Facilities and (5) funds restricted by law. The Available Funds are not pledged to the Trustee, but rather are the source from which principal and interest on the Bonds will be paid. See **"--AVAILABLE FUNDS"** below.

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Available Funds

The Available Funds of the University for the fiscal years ended June 30, 2021 through 2024 are as follows:

	2021	2022	2023	2024
Beginning Unrestricted Fund Balance:				
Unrestricted General Fund Balance	$ 4,226,138	$ 10,114,416	$ 8,491,831	$ 10,817,491
Unrestricted Proprietary Fund Balance	(131,423,348)	(116,503,722)	(71,417,761)	(35,473,826)
Unrestricted Quasi Endowment Fund Balance	7,039,251	9,155,171	9,330,708	9,615,357
Restatement to Include Worker's Compensation Liability	528,122	703,873	764,465	817,198
GASB 75 Implementation - Restatement Amount	221,238,901	207,077,454	192,499,362	167,313,580
GASB 68 Implementation - Restatement Amount	18,272,919	22,389,492	17,216,405	18,072,589
Subtotal	119,881,983	132,936,684	156,885,010	171,162,389
Plus:				
Total Operating Revenues	90,108,703	92,422,208	105,130,583	113,450,274
Less Restricted Revenues	(6,445,362)	(7,216,899)	(9,123,475)	(7,810,868)
Unrestricted Operating Revenues	83,663,341	85,205,309	96,007,108	105,639,406
Unrestricted and Auxiliary Gifts and Grants	1,109,702	1,384,444	1,415,867	3,945,480
Unrestricted and Auxiliary Investment Income	511,359	307,391	3,284,589	7,691,098
Unrestricted Endowment Income	2,181,340	121,101	463	-
Surplus Sales and Other Unrestricted	694,670	341,269	1,290,778	1,664,645
Subtotal	88,070,412	87,359,514	101,998,805	118,940,629
Total Available Funds	207,952,395	220,296,198	258,883,815	290,103,018
Adjustments				
GASB 68 Transactions (Pension Exp. & Contributions)[1]	(4,123,328)	5,065,724	(973,501)	(4,350,311)
GASB 75 Transactions[2]	1,818,020	1,441,493	(8,263,819)	7,731,949
Tuition and Fees	(43,520,281)	(41,713,211)	(42,694,550)	(46,963,326)
Mandatory Debt Service Transfers	(4,419,479)	(4,738,352)	(8,778,812)	(9,020,852)
Net Available Funds[3]	**$157,707,328**	**$180,351,852**	**$198,173,133**	**$237,500,478**

[1] GASB 68 Statement No. 68 – Accounting and Financial Reporting for Pensions requires the University to recognize its proportionate share of the State's overall net pension liability. Accordingly, the impact on net position is reflected. Since this is a non-cash item, the adjustment adds back the deduction to calculate Available Funds.
[2] GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) requires the University to recognize its proportionate share of the State's overall liability for postemployment benefits beginning in the Fiscal Year ended June 30, 2018. Accordingly, the impact on net position is reflected. Since this is a non-cash item, the adjustment adds back the deduction to calculate Available Funds.
[3] Totals may not foot due to rounding.

Additional Indebtedness

Under the terms of the General Indenture, neither the Board nor the University will issue:

(1) any other obligations under any existing bond resolution, trust indenture or other financing document which authorizes the issuance of debt obligations secured by revenues or net revenues from any University enterprise;

(2) any other Bonds, except on the conditions and in the manner provided in the General Indenture;

(3) any other obligations payable from Available Funds, unless (A) such obligations

constitute Subordinate Indebtedness or Other Indebtedness; or (B) (i) such obligations are payable on a parity basis with the Bonds and (ii) the largest of the sums obtained for any Fiscal Year after totaling for each Fiscal Year the Principal and Interest Requirements on Other Indebtedness, the Principal and Interest Requirements on Subordinate Indebtedness and the Principal and Interest Requirements on parity obligations other than the Bonds (including the additional obligations to be issued), calculated in the manner that the Principal and Interest Requirements on the Bonds are calculated, does not exceed 10% of Available Funds in the most recent Fiscal Year for which audited financial statements of the University are available; or

(4) any obligations other than those described in clauses (1), (2) or (3), unless they are payable from a source other than Available Funds.

See Appendix C - **"DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES—GENERAL INDENTURE AND FIFTH SERIES INDENTURE** --***No Additional Bonds Under Existing Bond Documentation; Additional Obligations*****"** for a further description of the limitations on the Board's ability to issue Additional Bonds or other debt on a parity with the 2025 Bonds.

DESCRIPTION OF THE 2025 BONDS

GENERAL

The 2025 Bonds will be issuable in denominations of $5,000 or integral multiples thereof, and will be dated and bear interest from their dated date. The 2025 Bonds will bear interest (payable on each April 1 and October 1, beginning October 1, 2025) at the interest rates and will mature on the dates set forth on the inside cover page of this Official Statement.

The 2025 Bonds are payable at the corporate trust office of the Trustee on presentation and surrender thereof. Interest on 2025 Bonds will be paid, except as otherwise provided in the Fifth Series Indenture, by check or draft mailed to each Owner on each Interest Payment Date at their addresses as they appear on the register kept by the Registrar, at the close of business on the 15th day of the month preceding each Interest Payment Date (each, a "*Record Date*"). At the written request of any Owner of at least $1,000,000 in principal amount of the 2025 Bonds, and while a book-entry system is in place with respect to the 2025 Bonds as provided in the Fifth Series Indenture, principal and interest may be payable by wire transfer at the address specified in writing by such Owner by the Record Date.

BOOK-ENTRY-ONLY SYSTEM

For information concerning the book-entry only system, see Appendix E, **"INFORMATION CONCERNING THE BOOK-ENTRY ONLY SYSTEM."**

REDEMPTION

Optional Redemption.

The 2025 Bonds maturing on or before April 1, 2035 are not subject to redemption before their maturities. The 2025 Bonds maturing on and after April 1, 2036 may be redeemed before their maturities, at the written direction of the Vice Chancellor, from any funds that may be available for such purpose, in whole or in part on or after April 1, 2035. The 2025 Bonds called for redemption will be redeemed at 100% of the principal amount of the 2025 Bonds to be so redeemed plus accrued interest to the redemption date.

Notice of Redemption. The Trustee is required to give notice of redemption by Mail, or by such other means as permitted by the rules and procedures of the addressee, not less than 30 nor more than 60 days (or as long as the Securities Depository is the owner of the 2025 Bonds, such shorter time as may be permitted by such Securities Depository's rules and procedures) before the date of redemption, (a) to each Bondowner at the address shown on the registration books of the Registrar (including electronic mail if so permitted by the Securities Depository's rules and procedures), and (b) to the Municipal Securities Rulemaking Board in accordance with its rules and procedures. The notice of redemption shall state: (1) the redemption date; (2) the Redemption Price; (3) the numbers of the 2025 Bonds (or other identifier) to be redeemed unless all of the outstanding 2025 Bonds are redeemed; (4) as to any 2025 Bonds redeemed in part only, the principal portion thereof to be redeemed; and (5) that interest on the principal portion of the 2025 Bonds designated for redemption shall cease to accrue from and after the redemption date and that on the redemption date there shall become due and payable on each of such 2025 Bonds the Redemption Price for each 2025 Bond. The actual receipt by any Bondowner of notice of redemption is not a condition precedent to redemption, and failure to receive notice will not affect the validity of the proceedings for the redemption of the 2025 Bonds or the cessation of interest on the redemption date.

If at the time of mailing of a notice of optional redemption there is not on deposit with the Trustee money sufficient to redeem the 2025 Bonds called for redemption, such notice may state that it is conditional on the deposit of the redemption money with the Trustee on the date of redemption as set forth in the notice. Any such notice, once given, may be withdrawn by notice delivered in the same manner as the notice of redemption was given, on receipt by the Trustee of written instructions from the Board with respect to such withdrawal.

Selection of Bonds for Redemption. In the case of any partial redemption of the 2025 Bonds under the Fifth Series Indenture, the Board will select the maturity or maturities of the 2025 Bonds to be redeemed and DTC will select the 2025 Bonds within the same maturity pursuant to its rules and procedures or, if the book entry system with DTC or any other securities depository has been discontinued, the Trustee will select the 2025 Bonds within the same maturity to be redeemed in such manner as the Trustee in its discretion may deem proper. The 2025 Bonds may be redeemed in part only in Authorized Denominations.

Effect of Call for Redemption. Any 2025 Bonds called for redemption are due and payable on the redemption date at the Redemption Price, which includes accrued interest to the redemption date. If money sufficient to pay the Redemption Price of the 2025 Bonds to be redeemed is held by the Trustee, 2025 Bonds or portions thereof thus called and provided for will not bear interest after such redemption date and will not be considered to be Outstanding or to have any other rights under the Fifth Series Indenture other than the right to receive payment. No payment of principal will be made by the Trustee on any 2025 Bonds or portions thereof called for redemption until such 2025 Bonds or portions thereof have been delivered for payment or cancellation or the Trustee has received the items required by the General Indenture with respect to any mutilated, lost, stolen or destroyed 2025 Bonds.

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PRINCIPAL AND INTEREST REQUIREMENTS

As of June 30, 2024, the University had $177,635,000 debt principal outstanding payable from Available Funds. The following schedule sets forth for each respective fiscal year the estimated amounts required in such year for the payment of principal of and interest on (1) Existing Available Funds Obligations and (2) the 2025 Bonds. The Existing Available Funds Obligations, the 2025 Bonds and any Bonds hereafter issued under the General Indenture are, or will be, parity obligations payable from the University's Available Funds.

Fiscal Year Ending June 30	Debt Service on Existing Available Funds Obligations[1]	2025 Bonds Principal & Interest	Total Debt Service on Parity Obligations[1]
2025	12,706,899		
2026	13,350,431		
2027	12,992,347		
2028	12,467,280		
2029	11,707,944		
2030	11,714,034		
2031	11,714,000		
2032	11,715,413		
2033	11,712,272		
2034	11,717,509		
2035	10,291,275		
2036	10,288,425		
2037	10,286,650		
2038	10,290,500		
2039	10,289,063		
2040	10,283,888		
2041	10,285,906		
2042	10,288,300		
2043	10,286,450		
2044	10,284,250		
2045	10,289,238		
2046	10,292,166		
2047	9,169,425		
2048	9,172,109		
2049	6,246,300		
2050	6,248,600		

[1] Constitutes outstanding debt payable from Available Funds excepting obligations defined as Other Indebtedness under the General Indenture.

Note: Totals may not foot due to rounding.

Affinity Housing, LLC, a limited liability company whose sole member is a blended component unit of the University called Western Carolina University Research and Development Corporation, had $40,085,000 in principal amount of student housing related obligations outstanding as of June 30, 2024. The University is obligated to make rent payments in amounts that match debt service on such obligations. The University's obligation to make these rental payments under capital leases constitute (1) Other Indebtedness under the General Indenture and (2) a limited obligation payable solely from the net revenues of the financed housing projects and the revenues of the University's dormitory system after payment of the University's debt payable from Available Funds. See Note 9 in the audited financial statements attached as Appendix B hereto for further information.

THE PLAN OF FINANCE

The proceeds of the 2025 Bonds will be used to pay, or reimburse the University for, (1) the costs of the renovation of athletics facilities (the "*2025 Project*"), and (2) the costs incurred in connection with the issuance of the 2025 Bonds.

The 2025 Project will consist primarily of renovations to the University's football stadium, originally built in 1974, including (i) a new, ADA compliant, press box and amenity tower, including a new Chancellor's box, on the west side of the stadium (replaces the press box and Chancellor's box currently located on the east side of the stadium) and (ii) relocation of the football coaches' offices and team meeting rooms currently located on the second floor of the Ramsey Center at the south end of the stadium to the new west side tower. The renovations will begin in Spring of 2025 and are expected to be completed by Fall of 2026. The 2025 Project is part of an approximately $60 million plan to renovate and improve the University's athletic facilities, the remainder of which will be funded through pledges and other available funds of the University.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds, rounded to the nearest dollar, in connection with the issuance of the 2025 Bonds:

Sources of Funds:	
Principal Amount of 2025	
Net Original Issue Premium/Discount	
Total Sources	
Uses of Funds:	
2025 Project	
Costs of Issuance[1]	
Total Uses	

[1] Costs of issuance include underwriter's discount, legal fees, financial advisory fees, rating agency fees, initial Trustee, Registrar and Paying Agent fees, printing costs and other expenses incurred in connection with the issuance of the 2025 Bonds

THE BOARD OF GOVERNORS OF THE UNIVERSITY OF NORTH CAROLINA

The Board is classified and constituted pursuant to Chapter 116 of the General Statutes of North Carolina, as amended, as a body politic and corporate of the State. Chapter 116 also provides that members of the Board are to be elected by the North Carolina Senate and House of Representatives. The State Senate and House presently elect 12 members every two years to serve four-year terms. Pursuant to the Act, the Board is authorized to issue, subject to the approval of the Director of Budget, at one time or from time to time, special obligation bonds of the Board, for the purpose of paying all or any part of the cost of acquiring, constructing or providing one or more capital facilities at the University or refunding any bonds issued under the Act or under any provision of any Article of Chapter 116 for the benefit of the University.

The University of North Carolina System (the "*System*") is composed of the following institutions: University of North Carolina at Asheville, University of North Carolina at Chapel Hill, University of North Carolina at Charlotte, The University of North Carolina at Greensboro, The University of North Carolina at Pembroke, The University of North Carolina Wilmington, Appalachian State University, East Carolina University, Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, North Carolina State University, University of North Carolina School of the Arts, Western Carolina University, Winston-Salem State University and the North Carolina School of Science and Mathematics.

WESTERN CAROLINA UNIVERSITY

The University, located in Cullowhee, North Carolina, was founded in 1889 and has been a member of the System since 1972. The Board has responsibility for the basic policies of the System as a whole. However, the University has its own administrative structure and maintains a separate Board of Trustees that serves as advisor to the Board on matters pertaining to the University. See Appendices A and B hereto for additional information respecting the University.

TAX TREATMENT

GENERAL

On the date of issuance of the 2025 Bonds, Bond Counsel will render an opinion that, under existing law, (1) assuming compliance by the Board and the University with certain provisions of the Internal Revenue Code of 1986, as amended (the "*Code*"), interest on the 2025 Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal individual alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

The Code imposes various restrictions, conditions and requirements relating to the exclusion of interest on obligations, such as the 2025 Bonds, from gross income for federal income tax purposes, including, but not limited to, the requirement that the Board and the University rebate certain excess earnings on proceeds and amounts treated as proceeds of the 2025 Bonds to the United States Treasury, restrictions on the investment of such proceeds and other amounts, and restrictions on the ownership and use of the facilities financed or refinanced with proceeds of the 2025 Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied by the Board and the University subsequent to issuance of the 2025 Bonds to maintain the excludability of the interest on the 2025 Bonds from gross income for federal income tax purposes. Bond Counsel's opinion is given in reliance on certifications by representatives of the Board and the University as to certain facts material to the opinion and the requirements of the Code.

The Board and the University have covenanted to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2025 Bonds in order that the interest on the 2025 Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel assumes compliance by the Board and the University with such covenants, and Bond Counsel has not been retained to monitor compliance by the Board and the University with such covenants subsequent to the date of issuance of the 2025 Bonds. Failure to comply with certain of such requirements may cause the interest on the 2025 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2025 Bonds. No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of or the receipt, accrual or amount of interest with respect to the 2025 Bonds.

If the interest on the 2025 Bonds subsequently becomes included in gross income for federal income tax purposes due to a failure by the Board and the University to comply with any requirements described above, the Board and the University are not required to redeem the 2025 Bonds or to pay any additional interest or penalty.

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the Internal Revenue Service will commence an audit of the 2025 Bonds. Prospective purchasers and owners of the 2025 Bonds are advised that, if the Internal Revenue Service does audit the 2025 Bonds, under current Internal Revenue Service procedures, at least during the early stages of an audit, the Internal Revenue Service will treat the Board and the University as the taxpayer, and the owners of the 2025 Bonds may have limited rights, if any, to participate in such audit. The commencement of an audit could adversely affect the market value and liquidity of the 2025 Bonds until the audit is concluded, regardless of the ultimate outcome.

Prospective purchasers of the 2025 Bonds should be aware that ownership of the 2025 Bonds and the accrual or receipt of interest on the 2025 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property or casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain Subchapter S Corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2025 Bonds. Bond Counsel does not express any opinion as to any such collateral tax consequences. Prospective purchasers of the 2025 Bonds should consult their own tax advisors as to collateral tax consequences.

Proposed legislation is considered from time to time by the United States Congress that, if enacted, would affect the tax consequences of owning the 2025 Bonds. No assurance can be given that any future legislation, or clarifications or amendments to the Code, if enacted into law, will not contain provisions which could cause the interest on the 2025 Bonds to be subject directly or indirectly to federal, state or local income taxation, adversely affect the market price or marketability of the 2025 Bonds or otherwise prevent the owners of the 2025 Bonds from realizing the full current benefit of the status of the interest on the 2025 Bonds.

Bond Counsel is further of the opinion that, under existing law, the interest on the 2025 Bonds is exempt from State of North Carolina income taxation.

Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that Bond Counsel deems relevant to such opinion. Bond Counsel's opinion expresses the professional judgment of the attorneys rendering the opinion regarding the legal issues expressly addressed therein. By rendering its opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of the Board and the University, nor does the rendering of such opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

ORIGINAL ISSUE DISCOUNT

As indicated on the inside cover page, the 2025 Bonds maturing on April 1, 20__ (the "*OID Bonds*"), are being sold at initial offering prices which are less than the principal amount payable at maturity. Under the Code, the difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the OID Bonds is sold and (b) the principal amount payable at maturity of such OID Bonds, constitutes original issue discount treated as interest which will be excluded from the gross income of the owners of such OID Bonds for federal income tax purposes.

In the case of an owner of an OID Bond, the amount of original issue discount on such OID Bond is treated as having accrued daily over the term of such OID Bond on the basis of a constant yield compounded at the end of each accrual period and is added to the owner's cost basis of such OID Bond in determining, for federal income tax purposes, the gain or loss upon the sale, redemption or other disposition of such OID Bond (including its sale, redemption or payment at maturity). Amounts received upon the sale, redemption or other disposition of an OID Bond which are attributable to accrued original issue discount on such OID Bonds will be treated as interest exempt from gross income, rather than as a taxable gain, for federal income tax purposes, and will not be a specific item of tax preference for purposes of the federal individual alternative minimum tax. However, it should be noted that the original issue discount that accrues to an owner of an OID Bond may result in other collateral federal income tax consequences for certain taxpayers in the year of the accrual.

Original issue discount is treated as compounding semiannually (which yield is based on the initial public offering price of such OID Bond) at a rate determined by reference to the yield to maturity of each individual OID Bond. The amount treated as original issue discount on an OID Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such OID Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such OID Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of interest payable on such OID Bond during the particular accrual period. The tax basis is determined by adding to the initial public offering price on such OID Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior accrual periods. If an OID Bond is sold between semiannual compounding dates, original issue discount which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

The Code contains additional provisions relating to the accrual of original issue discount in the case of owners of the OID Bonds who subsequently purchase any OID Bonds after the initial offering or at a price different from the initial offering price during the initial offering of the 2025 Bonds. Owners of OID Bonds should consult their own tax advisors with respect to the precise determination for federal and state income tax purposes of the amount of original issue discount accrued upon the sale, redemption or other disposition of an OID Bond as of any date and with respect to other federal, state and local tax consequences of owning and disposing of an OID Bond. It is possible that under the applicable provisions governing the determination of state or local taxes, accrued original issue discount on an OID Bond may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment attributable to such original issue discount until a later year.

ORIGINAL ISSUE PREMIUM

As indicated on the inside cover page, the 2025 Bonds maturing on April 1, 20__ (the "*Premium Bonds*"), are being sold at initial offering prices which are in excess of the principal amount payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Premium Bonds is sold and (b) the principal amount payable at maturity of such Premium Bonds constitutes original issue premium, which original issue premium is not deductible for federal income tax purposes. In the case of an owner of a Premium Bond, however, the amount of the original issue premium which is treated as having accrued over the term of such Premium Bond is reduced from the owner's cost basis of such Premium Bond in determining, for federal income tax purposes, the taxable gain or loss upon the sale, redemption or other disposition of such Premium Bond (whether upon its sale, redemption or payment at maturity). Owners of Premium Bonds should consult their tax advisors with respect to the determination, for federal income tax purposes, of the "adjusted basis" of such Premium Bonds upon any sale or disposition and with respect to any state or local tax consequences of owning a Premium Bond.

CONTINUING DISCLOSURE OBLIGATION

The Board has agreed in the Fifth Series Indenture, in accordance with Rule 15c2-12 (the "*Rule*") promulgated by the U.S. Securities and Exchange Commission (the "*SEC*") and for the benefit of the registered owners and beneficial owners of the 2025 Bonds, as follows:

(1) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2025, to provide, or cause the University to provide, the Municipal Securities Rulemaking Board (the "*MSRB*"), the audited financial statements of the University for such Fiscal Year, if available, prepared in accordance with the laws of the State applicable to the Board and its constituent institutions, or if such audited financial statements are not then available, unaudited financial statements of the University for such Fiscal Year to be replaced subsequently by audited financial statements of the University to be delivered within 15 days after such audited financial statements become available for distribution;

(2) by not later than seven months after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2025, to provide, or cause the University to provide, to the MSRB

the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included in (i) the table of Available Funds under "**SECURITY FOR THE 2025 BONDS – AVAILABLE FUNDS,**" and (ii) Appendix A hereto in the tables under "**--ENROLLMENT**" titled "**--APPLICATION, ACCEPTANCE AND ENROLLMENT INFORMATION (FRESHMAN)**," and "**--FULL-TIME EQUIVALENTS, FALL SEMESTER**" and in the tables under "**—ANNUAL TUITION AND FEES**," in each case to the extent such information is not included in the audited financial statements referred to in (1) above;

(3) in a timely manner not in excess of 10 Business Days after the occurrence of the event, cause the University to provide to the MSRB notice of any of the following events with respect to the 2025 Bonds:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;

(d) unscheduled draws on any credit enhancements reflecting financial difficulties;

(e) substitution of any credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2025 Bonds or other material events affecting the tax status of the 2025 Bonds;

(g) modification of the rights of the beneficial owners of the 2025 Bonds, if material;

(h) call of any of the 2025 Bonds, if material, other than mandatory sinking fund calls, and tender offers;

(i) defeasance of any of the 2025 Bonds;

(j) release, substitution or sale of any property securing repayment of the 2025 Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the Board or the University;

(m) the consummation of a merger, consolidation, or acquisition involving the Board or the University, the sale of all or substantially all of the assets of the Board or the University, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material;

(n) the appointment of a successor or additional trustee, or the change in the name of a trustee, if material;

(o) incurrence of a financial obligation of the Board related to the University, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Board related to the University, any of which affect the beneficial owners of the 2025 Bonds, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Board related to the University, any of which reflect financial difficulties; and

(4) in a timely manner, to the MSRB, notice of a failure of the Board to provide required annual financial information described in (1) or (2) above on or before the date specified.

For purposes of this Section, “financial obligation” means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b) above. The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The Board may discharge its undertaking described above by transmitting the documents referred to above to any entity and by any method authorized by the SEC. As of the date of this Official Statement, such information is provided through the Electronic Municipal Market Access System (“*EMMA*”) maintained by the MSRB. All information provided to the MSRB as described above shall be provided in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

The Board has agreed that its undertaking under the Fifth Series Indenture is intended to be for the benefit of the registered owners and the beneficial owners of the 2025 Bonds and is enforceable by any of the registered owners and the beneficial owners of the 2025 Bonds, including an action for specific performance of the Board's obligations under the Fifth Series Indenture, but a failure to comply will not be an Event of Default and will not result in acceleration of the payment of the 2025 Bonds. An action must be instituted, had and maintained in the manner provided in the Fifth Series Indenture for the benefit of all of the registered owners and beneficial owners of the 2025 Bonds.

Pursuant to the Fifth Series Indenture, the Board may modify from time to time, consistent with the Rule, the information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Board, but:

(1) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Board;

(2) the information to be provided, as modified, must have complied with the requirements of the Rule as of the date of this Official Statement, after taking into account any amendments or interpretations of the Rule as well as any changes in circumstances; and

(3) any such modification may not materially impair the interests of the registered owners or the beneficial owners, as determined by Bond Counsel or by the approving vote of the registered owners of a majority in principal amount of the 2025 Bonds.

Any annual financial information containing modified operating data or financial information will explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided. The undertaking described under **“CONTINUING DISCLOSURE OBLIGATION**” herein above terminates on payment, or provision having been made for payment in a manner consistent with the Rule, in full of the principal of and interest on the 2025 Bonds.

Otherwise, the Board is not aware of any instances in which the University has failed to comply, in any material respect, with the requirements of an undertaking made pursuant to the Rule in the last five years.

The Board has delegated to each constituent institution responsibility for complying with the continuing disclosure undertakings relating to bonds issued for its benefit. The University is not responsible for the compliance of other constituent institutions with their continuing disclosure undertakings. Certain of the constituent institutions have failed to comply in all material respects with their continuing disclosure obligations undertaken with existing bonds issued by the Board for their benefit.

RATING

Moody's Ratings has assigned the 2025 Bonds a rating of "Aa3". Explanations of the significance of such rating may be obtained from Moody's Ratings. The rating reflects only the view of Moody's Ratings, and neither the Board nor the University makes any representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that the rating will not be revised or withdrawn entirely by the rating agency, if in its judgment, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2025 Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

LITIGATION, INVESTIGATIONS AND REGULATORY MATTERS

There is no litigation pending against the Board or the University, or, to the knowledge of the officers or attorneys for either, threatened, in any court or other tribunal of competent jurisdiction, State or federal, in any way (1) restraining or enjoining the issuance, sale or delivery of any of the 2025 Bonds; (2) questioning or affecting the validity of the 2025 Bonds, the General Indenture, or the Twentieth Series Indenture; (3) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution or delivery of the 2025 Bonds; or (4) questioning or affecting the organization of the Board or the power of the Board to pay principal and interest on the Bonds from Available Funds.

At all times, there are audits, compliance reviews and investigations that arise in the normal course of the University's activities. Such audits, compliance reviews and investigations may relate to any activity at the University, and may be conducted by persons within or outside the University, including, but not limited to, federal agencies, the North Carolina State Auditor's office and other state governmental agencies.

The System has also been named in a separate purported class action lawsuit brought on behalf of students who paid student fees and parking fees for the fall 2020 academic semester at the University of North Carolina at Chapel Hill and North Carolina State University. These plaintiffs seek to recover money damages on the ground that their student fees were not properly adjusted, pro-rated, or rebated after those universities transitioned to fully online instruction in the fall of 2020. At the trial court level, the System was partially successful on a motion to dismiss this matter as well; only one claim survived dismissal. The North Carolina Court of Appeals affirmed the trial court's decision in October 2022. The North Carolina Supreme Court granted the System's request for discretionary review of the decision related to the outstanding claim. The Supreme Court held that the plaintiffs had sufficiently pled a claim for breach of an express contract and remanded the matter for further proceedings in the trial court.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the issuance and authorization of the 2025 Bonds are subject to the unqualified approving opinion of Parker Poe Adams & Bernstein LLP, Charlotte, North Carolina, Bond Counsel. Copies of the approving opinion of Bond Counsel will be available at the time of delivery of the 2025 Bonds. A proposed draft of its opinion is set forth in Appendix D of this Official Statement. Certain legal matters will be passed on for the Board by or on behalf of the Hon. Jeffrey Jackson, Attorney General of the State of North Carolina.

UNDERWRITING

The underwriters for the 2025 Bonds are ____.[1] The underwriters for the 2025 Bonds have jointly and severally agreed, subject to certain conditions, to purchase all but not less than all of the 2025 Bonds. If all of the 2025 Bonds are sold at the public offering yields set forth on the inside cover page of this Official Statement, the underwriters for the 2025 Bonds anticipate total selling compensation of $______________.[1] The public offering prices or yields of the 2025 Bonds may be changed from time to time by the underwriters of the 2025 Bonds.

[1] Information provided by the underwriters of the 2025 Bonds.

FINANCIAL ADVISOR

First Tryon Advisors, LLC, has served as financial advisor to the University in connection with the sale of the 2025 Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the 2025 Bonds is contingent on the issuance and delivery of the 2025 Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendices thereto.

MISCELLANEOUS

The summaries of the provisions of the 2025 Bonds and the Indentures contained in this Official Statement, including Appendix C, do not purport to be complete and are made subject to the detailed provisions thereof to which reference is hereby made.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. The delivery of this Official Statement has been duly authorized and approved by the Board.

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APPENDIX A

WESTERN CAROLINA UNIVERSITY

GENERAL

Western Carolina University ("*WCU*" or the "*University*") is a regional comprehensive university providing a wide variety of undergraduate and graduate degrees at its main campus located on approximately 600 acres in Cullowhee, North Carolina, near the Great Smoky and Blue Ridge mountains, its instructional site at Biltmore Park in Asheville, North Carolina and online. WCU is the westernmost campus in the University of North Carolina system. It was founded in 1889, designated Western Carolina Teachers College in 1929, became Western Carolina College in 1953, and was designated a regional university in 1967. It became a constituent institution of The University of North Carolina in 1972. WCU offers more than 115 undergraduate majors and concentrations and more than 40 graduate programs.

BOARD OF TRUSTEES

The UNC Board of Governors has responsibility for the basic policies of the University of North Carolina System (the "*UNC System*") as a whole. However, the University has its own administrative structure and maintains a separate Board of Trustees that serves as advisor to the UNC Board of Governors on matters pertaining to the University. The Board of Trustee's role is to promote the sound development of the University, helping WCU to serve the people of the state in a way that will complement the activities of other UNC institutions and aiding WCU to perform with excellence in every area of endeavor.

The Board of Trustees is composed of 13 members. Eight members are elected by the UNC Board of Governors, four are appointed by the General Assembly of the State of North Carolina (the "*State*"), and the Student Body President serves a one-year term as a member *ex officio.* All appointed members of the Board of Trustees serve staggered four-year terms.

The following is a list of current members of the Board of Trustees, their principal occupations and terms:

NAME	OCCUPATION	CURRENT TERM
Casey Cooper Chair Cherokee, NC	Chief Executive Officer Cherokee Indian Hospital	2021-2025
Rebecca Brown Vice-Chair Cary, NC	Retired, NC Department of Labor	2023-2027
Joseph Crocker Secretary Winston-Salem, NC	Retired, Kate B. Reynolds Charitable Trust	2021-2025

NAME	OCCUPATION	CURRENT TERM
Haden Boliek Fayetteville, NC	Speech Language Therapist	2021-2025
Daniel Field Mills River, NC	Director and General Manager Pratt & Whitney	2023-2027
Jon Hardister Whitsett, NC	President, TREBIC Founder, Hardister Strategies, LLC	2024-2025
Kathy Harrington Gastonia, NC	Retired, Real Estate Broker	2023-2027
Timothy Haskett Kings Mountain, NC	Duke Energy Financial Executive	2023-2027
Ken Hughes Asheville, NC	Retired CPA, Dixon Hughes Goodman (now Forvis Mazars)	2023-2027
Robert Roberts Asheville, NC	Regional Executive VP First Citizens Bank	2021-2025
Jake Robinson Canton, NC	President/CEO Champion Credit Union	2021-2025
Susan Strum Durham, NC	Head of Assay Development Sapere Bio, Inc.	2024-2025
Aaron Hoyle-Rivera Shelby, NC	Student Government Association President Ex-Officio	2024-2025

UNIVERSITY ADMINISTRATION

The following table sets forth the names and positions of the Executive Council of the University:

NAME	POSITION	SINCE
Dr. Kelli R. Brown	Chancellor	July 2019
Dr. Richard Starnes	Provost and Vice Chancellor for Academic Affairs	October 2019
Mr. Michael T. Byers	Vice Chancellor for Administration and Finance	December 2014
Mr. Shea Browning, Esq.	General Counsel	March 2017
Dr. H. Sam Miller	Vice Chancellor for Student Affairs	August 2007
Mr. Chris Williams	Chief Information Officer	June 2024
Dr. Melissa Canady Wargo	Chief of Staff	June 2013
Mr. Ben Pendry	Vice Chancellor for Advancement	August 2024
Vacant	Director of Athletics	

The following are biographies of the principal executive officers:

Dr. Kelli R. Brown became Chancellor in July 2019. Dr. Brown previously served as provost and senior vice president for academic affairs at Georgia College & State University, Georgia's public liberal arts institution. At Georgia College, she led faculty and student success initiatives, including revitalizing a Center for Student Success, centralizing academic advising and increasing the four-year graduation rate by 25 percent. She supported numerous leadership development programs for faculty and departmental chairs and increased faculty recognition (including awards, and tenure and promotion). In July 2016, Dr. Brown was appointed interim president of Valdosta State University, a regional comprehensive university in southern Georgia. She served in that capacity until a permanent president took office in January 2017, and she then returned to her position at Georgia College. She joined the faculty at Georgia College as a professor in the School of Health and Human Performance in June 2013. Dr. Brown was interim dean and professor in the College of Health and Human Performance at the University of Florida from 2012 until 2013 and was associate dean for academic affairs there from 2007 until 2012. She was an ACE Fellow in 2011-12. From July 2003 through June 2006, she was interim dean of the Graduate School at the University of South Florida (USF). Prior to that appointment, she was an active faculty member in the College of Public Health. Before joining the faculty at USF in 1996, she was chairperson of the Department of Health Sciences at Illinois State University for two years. During her seven years at Western Illinois University from 1987 until 1994, she rose through the ranks to become the graduate program coordinator in the Department of Health Sciences and, ultimately, assistant to the dean in the College of Health, Physical Education and Recreation. She holds a doctorate in education from Southern Illinois University at Carbondale; a master of science and education in public health degree and bachelor of science degree, both from the University of Toledo; and an associate in applied sciences degree in dental hygiene from Michael J. Owens Technical College in Toledo, Ohio.

Dr. Richard Starnes was appointed Provost and Vice Chancellor for Academic Affairs in October 2020 having served as the interim in the position since October 2019. He became Dean of the University's College of Arts and Sciences in July 2012. He is a historian specializing in the American South. His books include *Creating the Land of the Sky: Tourism and Society in Western North Carolina* (University of Alabama Press, 2006), *Southern Journeys: Tourism, History and Culture in the Modern South* (University of Alabama Press, 2003, editor), and *History and Hope in the Heart of Dixie* (University of Alabama Press, 2006, co-editor). His articles and essays have appeared in *Southern Cultures*, the *North Carolina Historical Review*, and other journals. He won the College of Arts and Sciences Teaching Award in 2008, edits the Appalachian Echoes Series at the University of Tennessee Press, and serves on the North Carolina Historical Commission. Dr. Starnes earned a bachelor's and master's degrees in history at WCU and a doctorate in history at Auburn University.

Michael T. Byers was appointed Vice Chancellor for Administration and Finance in December 2014. He previously served at The University of North Carolina at Greensboro ("*UNCG*") as Associate Vice Chancellor for Business Affairs and Auxiliary Services where he oversaw a variety of business and auxiliary enterprises, including UNCG's Capital Facilities Foundation, community relations, property acquisition and leasing, purchasing, parking and transportation, dining, bookstore, vending and printing operations. Mr. Byers joined UNCG in 1995 as Associate Director of Housing and Residence Life, moving up to Director of Auxiliary Services in 2005 and then into the role of Assistant Vice Chancellor in 2005. Mr. Byers earned a bachelor's degree in economics from The University of North Carolina at Chapel Hill and a master's degree in business from UNCG.

Shea Browning, Esq. was named General Counsel effective March 1, 2017. He had served in the role of Associate General Counsel since September 2010. Prior to joining the University, he worked at West Virginia University from 2001 until 2010, first in the trademark licensing office managing intellectual property, and then ultimately being promoted to Associate General Counsel.

Dr. H. Sam Miller was named Vice Chancellor for Student Affairs at WCU in August 2007. He serves as the chief student affairs officer with responsibility for multiple departments including Admissions, Campus Recreation and Wellness, Counseling and Psychological Services, the Kneedler Child Development Center, Intercultural Affairs, Orientation, Residential Living, Student Community Ethics, Talent Search, University Center, and University Health Services. Dr. Miller began his student affairs career in 1989 working in residence life and with orientation at the University of Alabama. From 1996 to 1999, he served as Assistant to the Vice President for Student Affairs at the University of Virginia, where he worked on student technology initiatives and supported the student-run honor system, the student judiciary system and student government. In 1999, Dr. Miller was appointed Assistant Vice Chancellor for Student Affairs at the University of Connecticut where he served as the chief budget, personnel and labor relations officer. Dr. Miller also served as interim Director of Campus Activities and the Student Union from 1999 to 2000. He was promoted in 2004 to Associate Vice President for Student Affairs, in which role he supervised residential life, dining services and disability services while also having responsibility as the chief labor relations officer for student affairs. As an adjunct-Associate Professor in the Neag School of Education, Dr. Miller was Co-Director of the Higher Education and Student Affairs master's program from 2003-2007. Dr. Miller earned a bachelor's degree in human resources management and a master's degree in business administration, both from the University of Alabama, and a doctorate in education from the University of Virginia.

Chris Williams has served as Chief Information Officer since June 2024. Prior to coming to WCU, he spent 25 years at the University of North Carolina at Chapel Hill with the last nine years as the IT director for Student Affairs. Mr. Williams is a graduate of the University of North Carolina at Chapel Hill, he completed his MBA with a concentration in information systems at the University of North Carolina at Wilmington and has completed the NC Certified Government CIO program at UNC Chapel Hill.

Dr. Melissa Canady Wargo has served as Chief of Staff since June 2013. Prior to assuming this office, she served the University as Assistant Vice Chancellor for Planning and Effectiveness. In that role, she led a 36-member committee in drafting a strategic plan titled "*2020 Vision: Focusing Our Future*," which was approved by the University's Board of Trustees in June 2012. Dr. Wargo arrived at the University in January 2006 as Director of Assessment before becoming an Assistant Vice Chancellor in January 2009. She previously served as Director of Assessment at Texas Christian University, coordinator of reports and institutional research associate at the University of Texas at Arlington, and coordinator for institutional research and assessment at Oklahoma State University-Oklahoma City. She earned her doctorate in history and her master's and bachelor's degrees in anthropology at the University of Texas at Arlington.

Ben Pendry was named Vice Chancellor for Advancement in August 2024. He previously served as assistant vice chancellor for development since September 2021 and prior to that as executive director of advancement services since August 2017. Prior to his original appointment at WCU in 2017, Mr. Pendry served in various roles at the University of North Carolina at Charlotte, including director of development and director of prospect strategy and research from 2014 to 2017. He also served as a development officer with the Sigma Chi Foundation from 2001 to 2014 and as vice president for advancement with the North-American Interfraternity Conference and the NIC Foundation from 2007 to 2011. He received his bachelor's degree in political science and history from WCU in 2007 and his master's degree in public administration from the University of North Carolina at Charlotte.

The position of Director of Athletics is currently vacant. WCU will conduct a search for the position and expects to have the position filled by summer 2025.

ACADEMIC PROGRAMS

Academic departments at WCU are housed in six separate degree-granting schools, colleges and divisions: (1) the College of Arts and Sciences; (2) the College of Business; (3) the College of Education and Allied Professions; (4) the College of Fine and Performing Arts; (5) the College of Health and Human Sciences and (6) the College of Engineering and Technology. Graduate programs are offered directly through each college. The Graduate School coordinates the admission process, funding support, and awarding of degrees to graduate students. In addition, the Honors College coordinates courses and events in every area of study. WCU's Hunter Library provides academic support for all academic units.

WCU provides more than 120 undergraduate majors and concentrations and more than 45 graduate programs with a focus on high-demand degrees including a variety of programs in engineering, science, healthcare, education, humanities, business and the arts. The Master of Accountancy (MAcc) program transitioned to being fully offered online beginning in 2024. WCU's online undergraduate business administration and law degree has been ranked 87th on U.S. News and World Report's list of 2025 Best Online Programs. The University's criminal justice program was used as the model for North Carolina's accreditation program. The forensic anthropology program is taught by one of only 55 board-certified forensic anthropologists in the nation. WCU offered the first bachelor's degree emergency medical care program in the nation. In 2006, the College of Education and Allied Professions was the national winner of the Association of Teacher Educators' Distinguished Program in Teacher Education Award. In 2007, it was the national winner for the 2007 American Association of State Colleges and Universities' Christa McAuliffe Award for Exemplary Programs in Teacher Education. WCU offers a doctoral program in psychology, which focuses on research and teaching in higher education, that the first cohort began in the fall of 2019. WCU was recently selected as one of twenty new higher education institutions to advance to the network leader phase of the FirstGen Forward Network. Among other accolades that WCU has recently received is the inclusion in the Top Public Universities (2025 Guidebook) by *U.S. News and World Report*.

Departments by College are as follows:

<u>College of Arts and Sciences</u>

Anthropology and Sociology
Biology
Chemistry and Physics
Communication
Criminology and Criminal Justice
English Studies
Geosciences and Natural Resources Conservation and Management
History
Mathematics and Computer Science
World Languages

Philosophy and Religion
Political Science and Public Affairs

Interdisciplinary Programs: Science Education, Social Sciences Education, Mathematics Education, English Education, and International Studies.

College of Business

Accounting
Business Administration and Law
Computer Information Systems
Economic Analysis
Entrepreneurship
Finance
Hospitality and Tourism
Management
Sales and Marketing
Sports Management

College of Education and Allied Professions

School of Teaching and Learning
Human Services
Psychology

College of Fine and Performing Arts

School of Stage and Screen
School of Art and Design
School of Music

College of Health and Human Sciences

Communication Sciences and Disorders
School of Health Sciences
School of Nursing
Physical Therapy
Recreational Therapy
Social Work
Athletic Training
Emergency Medical Care
Environmental Health
Integrated Health Sciences
Nutrition and Dietetics

College of Engineering and Technology

Construction Management
Engineering and Technology

MILLENNIAL CAMPUS

Beyond the University's traditional educational mission, the University adopted a Millennial Initiative in 2005 to fuel regional economic development through public-private partnerships. In 2005, the University purchased a 344-acre tract of land directly across Highway 107 from the University's main campus. The tract doubled the size of the University's campus. The four-story, 160,000 square-foot College of Health and Human Sciences building is currently the only University building on the Millennial Campus. It was completed with State funds in 2012. The building is home to more than 1,200 undergraduate students and 300 graduate students and contains state-of-the-art laboratories and classrooms specifically designed for health-related teaching and learning. Approximately 5,000 square feet of the Health and Human Science building is being used for partner clinic space. In fall 2014, the University's Board of Trustees adopted a plan to lease the Millennial Campus to the University's Endowment Fund, a move designed to enable the University to respond more rapidly to public-private economic development opportunities.

In 2018, the UNC Board of Governors approved the addition of six more sites to WCU's Millennial Initiative. This includes Noble Hall, a residence hall and home to several privately-run restaurants serving WCU's campus. See "**DEBT OUTLOOK**" below.

ACCREDITATION

WCU is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award bachelor's, master's, education specialist and doctoral degrees. The last accreditation review took place in 2017 and the next reaffirmation will take place in 2027. The University also holds 21 special program accreditations.

FACULTY

For the 2024-2025 academic year, WCU employed 571 full-time and 223 part-time instructional faculty. Of the full-time faculty, 79% held a doctorate, first professional, or other terminal degree in their respective fields. For the 2024-2025 academic year, 42.6% of the full-time faculty were tenured. The student to faculty ratio is 17 to 1.

EMPLOYEES

As of the beginning of the fall 2024 semester, the University's staff (including faculty) numbered 1,659 (including part-time positions). Faculty and staff are not represented by any collective bargaining units.

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ENROLLMENT

APPLICATION, ACCEPTANCE AND ENROLLMENT INFORMATION (FRESHMAN)

Academic Year	Applications	Acceptances	Acceptance Rate	Enrolled	Enrollment Rate
2020-2021	15,045	7,282	48.4%	1,827	25.1%
2021-2022[1]	13,146	9,772	74.3	1,729	17.7
2022-2023	17,908	15,198	84.8	1,931	12.7
2023-2024	18,236	15,768	86.4	2,103	13.3
2024-2025	19,728	16,138	81.8	2,052	12.7

[1] The University began waiving its application fee during the COVID-19 pandemic and the University increased its acceptance rate in order to increase enrollment. The University plans to resume its application fee for the 2025-2026 academic year.

FULL-TIME EQUIVALENTS, FALL SEMESTER

	2020	2021	2022	2023	2024
Undergraduate	9,666	9,255	9,068	9,197	9,301
Graduate	1,438	1,459	1,407	1,349	1,346
Total	11,104	10,714	10,475	10,546	10,647

HEADCOUNT ENROLLMENT, FALL SEMESTER

	2020	2021	2022	2023	2024
Undergraduate	10,517	10,145	9,956	10,009	10,112
Graduate	1,726	1,732	1,679	1,619	1,574
Total	12,243	11,877	11,635	11,628	11,686

AVERAGE ENROLLED FRESHMEN ACT COMPOSITE SCORES

Academic Year	ACT Score[1]
2020-2021	23.1
2021-2022	22.0
2022-2023	22.3
2023-2024	23.1
2024-2025	22.5

[1] Average ACT composite score calculated from the enrolled first-time freshmen who reported this metric. The amount reporting this metric has been decreasing with 19.2% reporting in Fall 2024.

ONE-YEAR RETENTION RATE (FRESHMAN TO SOPHOMORE)

FALL	2020	2021	2022	2023	2024
	81.4%	74.7%	71.3%	75.4%	79.1%

ANNUAL TUITION AND FEES

UNDERGRADUATE ANNUAL TUITION AND FEES[1]

	IN-STATE TUITION	OUT-OF-STATE TUITION	REQUIRED FEES
2020-2021	$1,000	$5,000	$3,305
2021-2022	1,000	5,000	3,367
2022-2023	1,000	5,000	3,453
2023-2024	1,000	5,000	3,532
2024-2025	1,000	5,000	3,630

[1] See "**NC PROMISE TUITION PLAN**" below.

GRADUATE ANNUAL TUITION AND FEES

	IN-STATE TUITION	OUT-OF-STATE TUITION	REQUIRED FEES
2020-2021	$4,435	$14,842	$3,027
2021-2022	4,435	14,842	3,045
2022-2023	4,435	14,842	3,131
2023-2024	4,568	15,287	3,210
2024-2025	4,838	15,287	3,038

NC PROMISE TUITION PLAN

WCU was selected as one of four UNC System campuses to participate in the NC Promise Tuition Plan ("*NC Promise*"), a program of the State of North Carolina was launched in 2018 with the intent of increasing access to a quality university education through the UNC system. Undergraduate students at any of the four institutions in NC Promise pay only $500 for in-state and $2,500 for out-of-state tuition per fall, spring, and summer semesters. Through NC Promise, the State of North Carolina fully supplements the cost of education to make this reduced student cost possible. Campus-related fees for students and on-campus residency costs are not part of NC Promise.

STUDENT HOUSING

The University offers 14 residence halls with a total capacity of approximately 4,670 beds to accommodate students, resident advisors and staff. With limited exception, freshman students are required to live on campus. Commencing with the fall 2014 semester, the policy was updated to require a second year of residency in on-campus housing. Beginning with the cohort entering in fall 2021, all classes have been required to live on-campus for both the first and second years of enrollment, with limited waivers. The University has the option of waiving the residency requirement based on a variety of factors.

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Fall Residence Hall Occupancy Rates (By Residence Hall)

	2020		2021		2022		2023		2024	
Building	Capacity	Occupancy Rate	Capacity	Occupancy Rate	Capacity	Occupancy Rate	Capacity	Occupancy Rate	Capacity	Occupancy Rate
Albright Hall[1,2]	196	61.2%	196	73.9%	196	81.6%	196	83.7%	196	54.1%
Allen Hall[3]	614	89.2	614	98.0	614	94.1	614	98.7	614	96.9
Benton Hall[1,2]	196	57.1	196	73.5	196	81.1	184	80.1	196	51.0
Balsam Hall	426	91.8	426	97.2	426	97.9	425	99.3	426	95.5
Blue Ridge Hall	378	88.1	374	94.9	374	98.9	374	98.5	374	97.9
Buchanan Hall[2]	191	58.6	191	34.0	191	68.1	155	83.0	191	72.8
Judaculla Hall	300	94.0	300	92.7	300	98.7	300	100.0	300	97.3
Harrill Hall	351	85.8	351	87.5	351	93.5	352	96.0	351	95.2
Lower Campus Complex[5]	-	-	-	-	629	98.9	915	98.14	915	98.1
Noble Hall[6]	419	88.8	419	96.7	419	96.7	419	99.5	419	97.1
Madison Hall[4]	0	0.0	0	0.0	0	0.0	77	100.0	77	96.1
Norton Road Hall	290	86.9	290	92.4	290	96.6	290	97.6	290	95.9
Reynolds Hall[7]	280	78.9	280	56.4	124	99.2	123	97.1	-	-
Robertson Hall	80	76.3	82	78.8	82	89.0	80	97.5	80	91.5
The Village	247	46.2	247	81.1	244	74.18	239	91.2	244	93.0

[1] Albright Hall and Benton Hall are treated as a single residence hall. The University has begun marketing rooms in these residence halls as singles instead of doubles due to deferred maintenance issues.
[2] Capacity was limited for Fall 2020 in Albright Hall, Benton Hall and Buchanan Hall to limit the use of community-style bathrooms.
[3] Allen Hall opened in Fall 2019.
[4] Madison Hall used as COVID-19 quarantine space Fall 2020-Spring 2023.
[5] Lower Campus Complex was opened in two phases with two buildings opening for Fall 2022 and the third building opening Fall 2023. These three buildings are operated as one residence hall.
[6] In June 2015, the Public Finance Authority, a body corporate and politic created under the laws of the State of Wisconsin, issued $28,495,000 of its Student Housing Revenue Bonds (CHF-Cullowhee, L.L.C.- Western Carolina University Project), Series 2015 (the "*PFA Bonds*") and loaned the proceeds thereof to CHF-Cullowhee L.L.C. ("*CHF-Cullowhee L.L.C.*"), the sole member of which is a nonprofit corporation called Collegiate Housing Foundation, in order to finance the construction and equipping of Noble Hall on the University's campus. This facility was placed in service in August, 2016. The land is owned by the Board of Trustees of the Endowment Fund of Western Carolina University and leased to CHF-Cullowhee L.L.C. Although the University manages the project on the same basis as its other 14 residence halls and on-campus housing facilities, the University is not obligated with respect to payments of principal and interest on the PFA Bonds. See "**Debt Outlook**" below.
[7] Reynolds Hall is closed for 2024-2025 and the University expects it to remain closed until determining if it should be renovated, repurposed or demolished.

FALL RESIDENCE HALL OCCUPANCY RATES (TOTALS)

2020	2021	2022	2023	2024
81.1%	86.0%	93.1%	96.1%	92.0%

CYBERSECURITY

The University relies on a large and complex technology environment to conduct its operations and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "*Systems Technology*"). As a recipient and provider of personal, private, and sensitive information, the University is a target of cybersecurity incidents that could result in adverse consequences to the University and its Systems Technology, requiring ongoing actions to mitigate the risk and minimize the consequences. Cybersecurity incidents could result from unintentional events or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage.

To mitigate the risk to business operations or damage from cybersecurity incidents or cyber-attacks, the University invests in multiple forms of cybersecurity and operational safeguards. The University has a multifaceted cybersecurity program overseen by the Chief Information Security and Privacy Officer. This includes mandatory IT security training for all employees, regular phishing simulations, an active Information Security and Privacy Committee chaired by the Chief Information Officer, policies based on the ISO 27002 framework, a broad risk-based assessment process, and ongoing vulnerability analysis. The University also conducts regular third-party cyber security assessments, recurring penetration testing, annual disaster recovery exercises, and carries a cyber insurance policy to manage and minimize our exposure and liability.

While the University's cybersecurity and operational safeguards meet or exceed framework standards and best practices for a public university, the primary goal is to minimize our exposure, not eliminate all risk. The evolving nature of cybersecurity means there are no guarantees and threats evolve daily.

AUDITED FINANCIAL STATEMENTS

WCU adheres to financial reporting as prescribed by the American Council of Education, the National Association of College and University Business Officers, the American Institute of Certified Public Accountants, the Governmental Accounting Standards Board, the North Carolina Office of the State Controller and the North Carolina Office of the State Auditor. Funds held by WCU are subject to audit by the North Carolina State Auditor and federal agency auditors. WCU's financial statements for the fiscal year ended June 30, 2024 can be found in **Appendix B** hereto.

FINANCIAL INFORMATION

Condensed Statement of Net Position as of June 30, 2020 — 2024*

	2020	2021	2022 (as Restated)[3]	2023	2024
Assets					
Current Assets	$ 159,919,214	$ 177,462,019	$ 201,394,122	$ 210,449,526	$ 232,043,178
Capital Assets, Net	550,582,387	610,120,064	690,575,638	695,452,416	692,953,256
Other Noncurrent Assets	133,791,074	228,222,421	153,756,435	142,053,256	155,680,890
Total Assets	844,292,675	1,015,804,504	1,045,726,195	1,047,955,197	1,080,677,324
Deferred Outflow of Resources[1]	51,716,033	49,632,690	55,819,337	62,631,223	68,839,564
Liabilities					
Current Liabilities	31,524,740	37,620,920	35,452,790	25,795,361	24,611,530
Long-Term Liabilities, Net[2]	398,638,698	461,553,724	453,656,369	432,761,412	449,929,911
Other Noncurrent Liabilities	6,944,125	7,319,646	6,491,531	5,664,344	4,604,730
Total Liabilities	437,107,563	506,494,290	495,600,690	464,221,118	479,146,171
Deferred Inflow of Resources[1]	98,347,931	99,583,563	97,118,969	91,508,593	70,216,055
Net Position					
Net Investment in Capital Assets	355,163,960	377,025,459	401,854,523	419,242,135	424,986,939
Restricted – Nonexpendable	54,155,753	55,393,256	56,915,004	59,921,812	62,060,239
Restricted – Expendable	71,391,460	124,174,762	103,651,567	90,733,740	107,019,541
Unrestricted	(120,157,959)	(97,234,135)	(53,595,222	(15,040,978)	6,087,843
Total Net Position	$360,553,213	$459,359,341	$508,825,873	$554,856,710	$600,154,662

* Rounded to the nearest dollar. Totals may not foot due to rounding.

(1) Entries resulting from the recording of pension liability per implementation of GASB 68 Accounting and Financial Reporting for Pensions. See "**PENSION PLANS; OTHER POST-EMPLOYMENT BENEFITS**" below for an explanation.

(2) Reflects recording of other post-employment benefits liability per implementation of GASB 75 Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. See "**PENSION PLANS; OTHER POST-EMPLOYMENT BENEFITS**" below for an explanation.

(3) Restatement was to reflect the impact of GASB 94 and a minor prior year misstatement in depreciation. The impact was immaterial at about $2.67 million total.

Statement of Revenues, Expenses, and Changes in Net Position for the Fiscal Years Ended June 30, 2020 — 2024*

	2020	2021	2022	2023	2024
Operating Revenues					
Student Tuition and Fees, Net	$ 43,427,893	$ 43,520,281	$ 41,713,211	$ 42,694,550	$ 46,963,326
Grants and Contracts	6,664,433	6,445,362	7,216,899	9,123,472	7,810,868
Sales and Services, Net	42,007,942	36,976,555	40,393,724	48,819,774	54,130,458
Interest on Loans	-	-	9,169	4,876	9,529
Other Operating Revenues	2,707,076	3,166,505	3,089,205	4,487,911	4,536,092
Total Operating Revenues	94,807,344	90,108,703	92,422,208	105,130,583	113,450,274
Operating Expenses					
Salaries and Benefits	141,978,881	139,159,852	136,601,386	140,712,987	171,245,864
Supplies and Services	68,460,223	65,627,385	70,518,034	79,125,035	85,625,830
Scholarships and Fellowships	16,983,526	24,538,254	28,843,327	19,648,795	14,956,384
Utilities	4,769,275	3,802,393	3,863,893	4,906,830	4,786,850
Depreciation/Amortization	9,628,491	10,035,619	11,129,272	14,214,301	14,997,684
Total Operating Expenses	241,820,397	243,163,504	250,955,911	258,607948	291,612,612
Operating Loss	(147,013,053)	(153,054,802)	(158,533,703)	(153,477,365	(178,162,338)
Nonoperating Revenues (Expenses)					
State Appropriations	130,957,542	126,771,970	148,483,499	154,814,713	164,838,490
State Aid - Coronavirus	-	3,546,539	2,324,080	-	-
Student Financial Aid	22,280,445	22,395,731	22,184,014	22,025,184	25,275,369
Federal Aid - COVID-19	7,918,171	10,626,440	23,870,951	9,366,764	-
Noncapital Contributions, Net	3,949,453	11,210,135	7,309,973	8,225,339	11,088,400
Investment Income, Net	3,970,097	37,623,166	5,422,053	3,376,489	24,009,238
Interest and Fees on Debt	(6,178,422)	(8,151,260)	(8,898,095)	(8,907,370)	(8,200,775)
Other Nonoperating Expenses	(1,382,564)	(2,593,561)	(3,784,159)	(787,494)	(590,216)
Net Nonoperating Revenues	161,514,722	201,429,161	196,912,315	188,113,627	216,420,505
Income Before Other Revenues	14,501,669	48,374,359	38,378,611	34,636,262	38,258,167
Capital Appropriations	-	25,073,427	-	4,970,157	3,897,210
Capital Contributions	47,485,596	24,164,362	11,334,316	3,184,799	484,387
Additional to Endowments	4,732,818	1,193,980	2,420,039	3,239,618	2,658,189
Total Other Revenue	52,218,413	50,431,769	13,754,355	11,394,575	7,039,785
Increase in Net Position	66,720,082	98,806,128	52,132,966	46,030,837	45,297,952
Net Position					
Beginning Net Position	293,833,131	360,553,213	459,359,341	508,825,873	554,856,710
Restatement	-	-	(2,666,435)	-	-
Ending Net Position	360,553,213	459,359,341	508,825,873	554,856,710	600,154,662

* Rounded to the nearest dollar. Totals may not foot due to rounding.

State Aid. WCU receives a major portion of its revenues from the State's general fund in the form of annual appropriations for current operating expenditures. The State also makes annual appropriations for capital improvements such as academic buildings, libraries and laboratories.

General Fund Appropriations

FISCAL YEAR ENDED JUNE 30	OPERATING APPROPRIATIONS[1]	CAPITAL GRANT AND APPROPRIATIONS	TOTAL STATE AID
2020	$130,957,542	$0	$130,957,542
2021	126,771,970	25,073,427	151,845,397
2022	148,483,499	0	148,483,499
2023	154,814,713	4,970,157	159,784,870
2024	164,838,490	3,897,210	168,735,700

[1] See "**NC PROMISE TUITION PLAN**" above.

The State's budget for the current 2023-25 biennium became law on October 3, 2023. Appropriations to the UNC System for operations, which includes aid to private institutions, in the adopted budget total $4,265,143,244, or 14.4% of the State General Fund budget for fiscal year 2023-24, an increase of 11.0% from the previous fiscal year, and $4,407,489,063, or 14.3% of the State General Fund budget, for fiscal year 2024-25. No assurance can be given that the State will continue to appropriate funds to the UNC System at any particular level in the future.

WCU aligns financial resources with the strategic initiatives in its 2021 Honoring Our Promise strategic plan. State funding is a vital component to the University's business model. In fiscal year 2024, State appropriations accounted for 78% of the University's non-operating revenue and 51% of total revenues, which translates to $14,439 per student. Over the past five years, WCU's FTE enrollment has declined to 10,647 FTE in fall 2024 and student retention (Freshman to Sophomore) was 79.1% in fiscal year 2024 versus 81.4% in fiscal year 2020. The growth in high demand programs, such as health sciences, engineering, and nursing, are expected to stabilize undergraduate and graduate enrollment in the near to medium term. The University can now enroll up to 25 percent of out-of-state freshman after the UNC Board of Governors raised the cap for the University from 18 percent. WCU continues to seek innovative ways to grow and provide services to the students and citizens of Western North Carolina. The University will utilize funding from the State to double the number of pre-licensure nursing students in the program from 30 to 60 students per cohort (spring and fall), hire additional faculty and staff to support the increased student intake, and upgrade supplies, equipment, and technology to support the expanded program. WCU has also been given authorization by the North Carolina General Assembly for a $95.3 million project to construct a new engineering building on campus which the current schedule estimates to be completed in 2028.

No State general funds have been or will be appropriated for the payment of the principal of or interest on the 2025 Bonds.

Investments. WCU's investments provide funds to support its academic programs and student-related activities. Long term investments consist of endowment and similar funds. Investments available for current programs consist of current unrestricted and current restricted funds. Investments in the endowment are through the UNC Investment Fund, LLC. Income from endowments is distributed to current unrestricted and current restricted fund groups according to University policy or the designation of the donor. Income from investments held in current funds is distributed at WCU's discretion.

The market value of WCU's cash and investments at the end of each of the past five fiscal years is summarized as follows:

2020	**2021**	**2022**	**2023**	**2024**
$278,122,453	$389,253,307	$333,634,757	$329,147,363	$363,370,608

FEDERAL FUNDING

WCU continues to monitor developments involving the federal government. WCU has less than 50 federal direct or federal pass-through active grants. Actions at the federal level may have direct or indirect effect on reducing federal support for WCU's research and operations, reducing WCU's revenue sources, and increasing costs borne by WCU. Federal agencies, such as the National Science Foundation (NSF) and US Department of Health and Human Services (USDHHS), have issued or may issue in the future notices that will limit grant funding. In addition, substantial changes are occurring at the U.S. Department of Education so it is unknown at this time what impact that may have on financial aid or other funding to institutions of higher education. The U.S. Department of Education has indicated that its views as unlawful a variety of actions that may be taken by colleges and universities related to diversity and civil rights that could result in the loss of federal funding.

DEBT OUTLOOK

As described under **"THE PLAN OF FINANCE"** in this Official Statement, the project being financed by the 2025 Bonds is athletic facility renovations.

The University is evaluating the acquisition of Noble Hall, a privately-owned residence hall and private retail and dining space located on the University's campus, and potentially required improvements in connection with such acquisition. The University has authority from the North Carolina General Assembly to issue Bonds and finance the acquisition in a principal amount of up to $28,500,000. The feasibility and timing of the acquisition is uncertain at this time but could be as soon as in the next year.

Otherwise, the University continues to evaluate its capital needs each year and the appropriate method to finance such needs.

PENSION PLANS; OTHER POST-EMPLOYMENT BENEFITS

The University made 100% of its annual required contributions to pension plans and other post-employment benefit plans administered by the State of North Carolina or the Board of Governors of the State of North Carolina through June 30, 2024. **See Notes 14 and 15 in the University's June 30, 2024, audited financial statements for a full discussion of the pension plans and other post-employment benefit plans in which University employees participate**.

Beginning with the fiscal year ended June 30, 2015, the University recognized a liability for its proportionate share of the collective net pension liability of such plans in accordance with the *Governmental Accounting Standards Board's Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which went into effect June 30, 2014. At June 30, 2024, the University reported a liability of $57,432,162.15 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total pension liability to June 30, 2023. The University's proportion of the net pension liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2023, the University's proportion was 0.35709%, which was an increase of 0.0194 from its proportion measured as of June 30, 2022, which was 0.33769%.

The University implemented *Governmental Accounting Standards Board Statement No.75, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* and related subsequent standards. The effect of implementing this standard resulted in a restatement to the July 1, 2017 beginning net position by decreasing net position $242.3 million.

At June 30, 2024, the University reported a liability of $145,587,736.85 for its proportionate share of the collective net OPEB liability for Retired Health Benefit Fund (RHBF). The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total OPEB liability to June 30, 2023. The University's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2023, the University's proportion was 0.56687%, which was a decrease of 0.00737 from its proportion measured as of June 30, 2022, which was 0.57424%.

At June 30, 2024, the University reported a liability of $151,187.07 for its proportionate share of the collective net OPEB liability for Disability Income Plan of North Carolina (DIPNC). The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total OPEB liability to June 30, 2023. The University's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the University relative to the 44 Notes to the Financial Statements projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2023, the University's proportion was 0.58926%, which was an increase of 0.00420 from its proportion measured as of June 30, 2022, which was 0.58506%.

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APPENDIX B

FINANCIAL STATEMENTS

Western Carolina University

Cullowhee, North Carolina

Financial Statement Audit Report

For the Year Ended June 30, 2024

A Constituent Institution of the University of North Carolina System

UNBIASED. IMPACTFUL. IRREFUTABLE.

A Department of the State of North Carolina

NCOSA Office of the State Auditor

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

Auditor's Transmittal

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

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

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

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

Jessica N. Holmes, J.D.

Jessica N. Holmes, J.D.
State Auditor

Table of Contents

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

Independent Auditor’s Report

Independent Auditor's Report

Board of Trustees
Western Carolina University
Cullowhee, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Western Carolina 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, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of Western Carolina University, as of June 30, 2024, and the changes in financial position and 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 Western Carolina University Foundation, which represent 8.40 percent and 5.39 percent, respectively, of the assets and revenues of the University; nor the financial statements of Western Carolina University Research and Development Corporation, which represent 0.82 percent and 0.11 percent, respectively, of the assets and revenues of the University. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the reports of the other auditors.

Basis for Opinion

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 Western Carolina 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 opinion.

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAGAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAGAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Jessica N. Holmes, J.D.

Jessica N. Holmes, J.D.
State Auditor

Raleigh, North Carolina

December 3, 2024

Management's Discussion and Analysis

Introduction

Western Carolina University's (University) financial report includes three financial statements and the *Notes to the Financial Statements*. The *Statement of Net Position* presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the institution as of the end of the fiscal year; the *Statement of Revenues, Expenses, and Changes in Net Position* reflects revenues and expenses recognized during the fiscal year; and the *Statement of Cash Flows* provides information on all of the institution's cash inflows and outflows during the fiscal year by major category. These financial statements were prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements, which establish standards for external financial reporting for public colleges and universities. GASB standards require that financial statements be presented on a consolidated basis in order to focus on the University as a whole. The financial activities of Western Carolina University Foundation (Foundation) and Western Carolina University Research and Development Corporation (Corporation) are blended in the University's financial statements. The Corporation also includes the activity of the Corporation for Entrepreneurship and Innovation, LLC. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Statement of Net Position

The *Statement of Net Position* presents assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of the date of the fiscal year end (June 30). This statement assists in the determination of the financial condition of the University. Data presented in the *Statement of Net Position* helps readers determine the assets available to continue the operations of the University and how much the University owes vendors and lending institutions. In addition, the net position section of the statement reflects the residual value of the University's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and classifies their availability for expenditure.

Condensed Statement of Net Position

	2024	2023	$ Change	% Change
Assets				
Current Assets	$ 232,043,178.49	$ 210,449,525.50	$ 21,593,652.99	10.26
Capital Assets, Net	692,953,255.60	695,452,415.68	(2,499,160.08)	(0.36)
Other Noncurrent Assets	155,680,889.88	142,053,256.31	13,627,633.57	9.59
Total Assets	1,080,677,323.97	1,047,955,197.49	32,722,126.48	3.12
Total Deferred Outflows of Resources	68,839,563.84	62,631,222.52	6,208,341.32	9.91
Liabilities				
Current Liabilities	24,611,529.98	25,795,361.27	(1,183,831.29)	(4.59)
Long-Term Liabilities, Net	449,929,910.85	432,761,412.00	17,168,498.85	3.97
Other Noncurrent Liabilities	4,604,730.12	5,664,344.40	(1,059,614.28)	(18.71)
Total Liabilities	479,146,170.95	464,221,117.67	14,925,053.28	3.22
Total Deferred Inflows of Resources	70,216,054.81	91,508,592.72	(21,292,537.91)	(23.27)
Net Position				
Net Investment in Capital Assets	424,986,939.45	419,242,135.32	5,744,804.13	1.37
Restricted – Nonexpendable	62,060,238.81	59,921,812.46	2,138,426.35	3.57
Restricted – Expendable	107,019,640.91	90,733,739.75	16,285,901.16	17.95
Unrestricted	6,087,842.88	(15,040,977.91)	21,128,820.79	(140.48)
Total Net Position	$ 600,154,662.05	$ 554,856,709.62	$ 45,297,952.43	8.16

Assets

Current assets, which consist primarily of cash, accounts and notes receivable, and operating inventories, increased by $21.6 million. This increase was due in part to a $16.4 million increase in unrestricted cash and cash equivalents primarily from a significant increase in short-term investment fund (STIF) interest earnings allocated to unrestricted trust funds and unrestricted special funds, an increase in reserves in auxiliary operations, and unspent student fees collected as trust funds. Restricted current cash increased $4.2 million because cash held in the quasi endowments and restricted spending funds increased $5.0 million due to increased STIF earnings and an increase of $2.5 million to the athletics capital campaign held in a quasi-endowment fund.

Net capital assets decreased $2.5 million. Capital asset additions totaled $15.2 million, while net disposals totaled $1.3 million. Additions consisted primarily of machinery and equipment, leases, and IT subscriptions. Depreciation and amortization expense was $15.0 million for the year, up from $14.2 million in the prior year, driven higher because of new assets being placed in service. Refer to Note 6 for further details regarding capital asset activity.

Other noncurrent assets increased $13.6 million primarily due to an increase in endowment and restricted investments of $12.3 million resulting from investment gains and additions to endowments received during the period.

Deferred Outflows of Resources

Deferred outflows of resources increased $6.2 million from the prior fiscal year mostly related to the effects of recognizing the University's portion of the components of the State's pension and other postemployment benefit (OPEB) plans, with the deferred outflow for pensions increasing $4.7 million and the deferred outflow for OPEB increasing $1.9 million. Refer to Notes 14 and 15 for further details regarding deferred outflows of resources relating to pensions and OPEB, respectively.

Liabilities

Noncurrent liabilities increased $16.1 million. Long-term liabilities (net) increased by $17.2 million. The net pension liability increased $9.2 million and the net OPEB liability increased by $14.5 million, both due to changes in actuarial valuations. There were principal repayments of $5.5 million in bonds payable and $2.4 million in special indebtedness, respectively. A new note from direct borrowing of $1.2 million was issued for the purchase of the Tucks property, offset by repayments of $0.1 million. Right-to-use buildings and machinery and equipment of $3.5 million were acquired through lease liabilities, offset by $2.3 million in lease liability payments. Subscription liabilities increased by $1.3 million for a variety of software needed for operations, offset by payments of $1.0 million.

Deferred Inflows of Resources

Deferred inflows of resources decreased $21.3 million over the prior fiscal year and related primarily to the effects of recognizing the University's portions of the components of the State's pension and OPEB plans. Refer to Notes 14 and 15 for further details regarding deferred inflows of resources relating to pensions and OPEB, respectively.

Net Position

Net position represents the residual interest in the University's assets and deferred outflows of resources after all liabilities and deferred inflows of resources are deducted. For reporting purposes, net position is divided into three major components:

- Net investment in capital assets represents the University's investment in capital assets such as movable equipment, buildings, land, general infrastructure, and improvements, net of accumulated depreciation and amortization and outstanding liability balances attributable to the acquisition, construction or improvement of those assets, together with any deferred inflows of resources related to such acquisition. Additionally, deferred outflows 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. At June 30, 2024, $425.0 million of the $600.2 million in net position was attributable to the University's investment in capital assets. The $5.7 million increase is primarily due to the acquisition of machinery, equipment, and general infrastructure and amortization of related debt, all offset by depreciation and amortization expense.
- Restricted net position is subject to externally imposed restrictions governing use and is further divided into two categories: nonexpendable and expendable. Restricted nonexpendable net position primarily includes the University's endowment funds received from donors for the purpose of creating present and future income. These funds must be held inviolate and in perpetuity and are, therefore, not expendable. Earnings on these funds support various programs determined by donors. The nonexpendable category makes up $62.1 million of the $600.2 million net position total. Restricted expendable net position is available for expenditure in accordance with externally imposed restrictions. Examples include funds for scholarships, debt service, and capital projects. At June 30, 2024, expendable net position totaled $107.0 million, which was a increase of $16.3 million from the prior year primarily due to the increase in market value of endowment investments at June 30, 2024.
- Unrestricted net position is not subject to externally imposed restrictions, although management has designated these funds for various academic, institutional, and research programs and initiatives, as well as capital projects. This year, unrestricted net position totaled $6.1 million. The $21.1 million increase is primarily attributable to increases in unrestricted cash and changes in the OPEB and pension plans which are reported within unrestricted net position. This year's unrestricted net position marks the first time it has been positive since the implementation of GASB Statement No. 68 and GASB Statement No. 75.

Statement of Revenues, Expenses, and Changes in Net Position

The *Statement of Revenues, Expenses, and Changes in Net Position* presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or nonoperating. Given a public University's dependency on revenues such as state appropriations, gifts, and investment income, which are prescribed by GASB as nonoperating revenues, operating expenses will exceed operating revenues, resulting in an operating loss. Net nonoperating revenues and expenses are integral components in determining the increase or decrease in net position.

Operating revenues are generated through the provision of goods and services, and include tuition and fees, contract and grant revenue, interest earnings on student loans, and sales and services revenue generated by student housing, dining, the bookstore, and other enterprises. Operating expenses are the costs incurred to acquire or produce the goods and services provided and to conduct the affairs of the institution.

Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations, while budgeted for operations, are reported as nonoperating revenue because they are provided by the State legislature without the legislature directly receiving commensurate goods and services in return for those revenues. Nonoperating expenses include interest expense and other expenses not incurred in the normal operations of the University.

Capital appropriations, capital contributions, and additions to endowments are considered neither operating nor nonoperating revenues and are reported on the statement after income before other revenues.

The following is a condensed *Statement of Revenues, Expenses, and Changes in Net Position* for the University as of June 30, 2024, with comparative data for 2023.

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

	2024	2023	$ Change	% Change
Operating Revenues				
Student Tuition and Fees, Net	$ 46,963,326.31	$ 42,694,549.87	$ 4,268,776.44	10.00
Grants and Contracts	7,810,868.45	9,123,472.15	(1,312,603.70)	(14.39)
Sales and Services, Net	54,130,458.30	48,819,774.23	5,310,684.07	10.88
Interest on Loans	9,528.63	4,875.61	4,653.02	95.43
Other Operating Revenues	4,536,092.28	4,487,910.76	48,181.52	1.07
Total Operating Revenues	113,450,273.97	105,130,582.62	8,319,691.35	7.91
Operating Expenses				
Salaries and Benefits	171,245,863.75	140,712,987.49	30,532,876.26	21.70
Supplies and Services	85,625,829.99	79,125,035.47	6,500,794.52	8.22
Scholarships and Fellowships	14,956,384.02	19,648,794.95	(4,692,410.93)	(23.88)
Utilities	4,786,849.88	4,906,829.57	(119,979.69)	(2.45)
Depreciation/Amortization	14,997,684.18	14,214,300.59	783,383.59	5.51
Total Operating Expenses	291,612,611.82	258,607,948.07	33,004,663.75	12.76
Operating Loss	(178,162,337.85)	(153,477,365.45)	(24,684,972.40)	16.08
Nonoperating Revenues (Expenses)				
State Appropriations	164,838,489.74	154,814,713.36	10,023,776.38	6.47
Student Financial Aid	25,275,369.02	22,025,184.15	3,250,184.87	14.76
Federal Aid - COVID-19	-	9,366,764.21	(9,366,764.21)	(100.00)
Noncapital Contributions, Net	11,088,399.74	8,225,339.28	2,863,060.46	34.81
Investment Income, Net	24,009,237.83	3,376,489.15	20,632,748.68	611.07
Interest and Fees on Debt	(8,200,775.40)	(8,907,369.57)	706,594.17	(7.93)
Other Nonoperating Expenses	(590,216.03)	(787,493.61)	197,277.58	(25.05)
Net Nonoperating Revenues	216,420,504.90	188,113,626.97	28,306,877.93	15.05
Income Before Other Revenues	38,258,167.05	34,636,261.52	3,621,905.53	10.46
Capital Appropriations	3,897,210.00	4,970,157.47	(1,072,947.47)	(21.59)
Capital Contributions	484,386.61	3,184,799.47	(2,700,412.86)	(84.79)
Additions to Endowments	2,658,188.77	3,239,618.17	(581,429.40)	(17.95)
Total Other Revenues	7,039,785.38	11,394,575.11	(4,354,789.73)	(38.22)
Increase in Net Position	45,297,952.43	46,030,836.63	(732,884.20)	(1.59)
Beginning Net Position	554,856,709.62	508,825,872.99	46,030,836.63	9.05
Ending Net Position	$ 600,154,662.05	$ 554,856,709.62	$ 45,297,952.43	8.16
Reconciliation of Increase in Net Position				
Total Revenues	$ 345,701,555.68	$ 314,333,647.88	$ 31,367,907.80	9.98
Total Expenses	300,403,603.25	268,302,811.25	32,100,792.00	11.96
Increase in Net Position	$ 45,297,952.43	$ 46,030,836.63	$ (732,884.20)	(1.59)

Operating Revenues

Operating revenues increased $8.3 million. Sales and services (net) increased $5.3 million, of which $3.1 million is attributable to housing revenues. The University opened the third of the three residences of the Lower Campus Residence Hall complex during the fiscal year. These additional beds, coupled with an increase in housing room charges in other dormitories, drove the increase in housing revenues. As a result of more beds being occupied on campus and an increase in the pricing of dining plans, dining revenues increased $2.4 million. Athletic revenues also increased $0.4 million. These increases in sales and services were offset by declines in electric service revenue of $0.6 million and other auxiliary operations of $0.6 million. Tuition and fees (net) increased $4.3 million. While enrollment dropped slightly from the previous year, there was an increase in student fees of $75 and a significant increase in out-of-state students. Contracts and grants revenues decreased $1.3 million, with a decrease in federal grants of $2.2 million and an increase in state and local grants of $0.9 million. Grant revenue fluctuates from year to year with old grants expiring, while new grants are starting.

Nonoperating Revenues

Net nonoperating revenues increased by $28.3 million, primarily due to the following:

- Investment income (net) increased $20.6 million because market performance was stronger than the prior year, with unrealized gains of $12.7 million. Investment income also includes interest and dividend income of $8.3 million and realized gains of $3.0 million. The increase in interest and dividends is a result of higher rates paid by the state treasurer's short-term investment fund. Realized losses and unrealized losses were minimal.
- State appropriations increased $10.0 million. Funding of $5.1 million was received to fund the legislative salary increases and related benefit costs for state funded positions. The University received a recurring allocation of $3.5 million to expand the engineering program. NC promise funding increased $1.5 million. An appropriation of $1.0 million was received for Athletics. Performance change funding resulted in an additional $1.1 million in appropriation. These increases were offset by an enrollment funding decrease of $2.5 million dollars. Other minor adjustments increasing and decreasing the state general fund revenues were made.
- Student financial aid increased $3.3 million. Students received $2.6 million more in Pell Grants and $0.6 million more in state grants for financial aid. The number of Pell eligible students increased from 32.5% in the Fall 2022 semester to 35% in the Fall 2023 semester.
- Noncapital contributions increased $2.9 million this year. Gifts increased $2.9 million this year, a direct result of the University continuing its fundraising campaign entitled "Fill the Western Sky." Two new revenue sources were received this year. In addition to the amount contained in state appropriations, the University received a noncapital contribution in sports wagering tax revenue to support Athletics. Funding was received as a supplement to fund retiree contribution expense. Noncapital contributions related to benefits decreased $0.8 million.
- Federal COVID-19 aid decreased $9.4 million because funding ended in the prior fiscal year.

Among the University's greatest strengths are the diverse revenue streams that supplement student tuition and fees. These include gifts from individuals, foundations, and corporations, along with state appropriations, investment income, and federal, state, and private grants and contracts. The University has sought and will continue to seek funding from available sources that are consistent with its mission and will continue to prudently manage the financial resources realized from these efforts in order to supplement tuition and fee revenues and fund its operating activities.

Operating Expenses

Operating expenses increased $33.0 million, based on the following:

- Salaries and benefits for the faculty and staff of the University and other payroll costs increased by $30.5 million. OPEB expense increased $16.0 million, while the pension expense increased $4.8 million. Pension and OPEB expenses vary year to year based on actuarial calculations and assumptions provided by the North Carolina Office of the State Treasurer. Employees received a cost of living raise of 4%, which was a contributing factor to the increase in salaries payments to employees of $7.1 million. Another contributor to the increase in salary payments was several positions that had been vacant for a long period were successfully filled during the year. Benefit costs increased $3.0 million.
- Supplies and services increased by $6.5 million. Contract food purchases increased $2.6 million necessitated by more students residing on campus this fiscal year with the opening of an additional dormitory building and general inflationary increases. Carpentry and hardware supplies and other repairs increased a combined $1.6 million. These expenditures were for upgrades and maintenance to keep facilities in a good state of repair. Miscellaneous contract services increased $1.6 million.
- Scholarships and fellowships, net of scholarship discount, decreased by $4.7 million. In the prior year, Higher Education Emergency Relief Fund (HEERF) awards were provided to students in the amount of $3.5 million (net of scholarship discount). Federal COVID-19 funding concluded in the prior year, and as a result no HEERF awards were provided to students in fiscal year 2024. In addition, fewer refunds were made to students this fiscal year, thus impacting the scholarship discount computation.

Other Revenues

Capital contributions decreased $2.7 million because the University received fewer capital gifts. Capital appropriations decreased by $1.1 million due to a decrease in capital projects over the prior year.

Capital Asset and Debt Administration

At June 30, 2024, the University had $876.0 million invested in capital assets, and accumulated depreciation and amortization of $183.0 million. Depreciation and amortization charges for the current year totaled $15.0 million.

Several capital projects are in the design phase. The Moore Building renovation will provide classroom and office space for the English and Criminal Justice programs, as well as office space for the Center for Service Learning and the Center for Global Engagement. A site selection committee met several times during the year to determine a suitable location for a new facility for the College of Engineering. The recommended site was approved by the Board of Trustees after the fiscal year end. The North Carolina Legislature has given authorization to a $95.2 million project to construct a new engineering building on campus.

Renovations to Athletic facilities are still in the design phase. The anticipated cost of these renovations is $60 million, with one-half of the cost being sought through fundraising and one-half being financed through the issuance of bonds in a subsequent fiscal year.

Several repair and renovation projects are underway on campus including classroom upgrades, HVAC replacements, elevator replacements, and roof replacements.

For additional information on capital assets and debt administration, see Notes 6 and 9 to the financial statements.

Economic Outlook

A significant factor in the University's capacity to generate resources is the ability to recruit and retain high quality students. The freshman retention rate from Fall 2023 to Fall 2024 increased to 79.11%, up over the prior year's rate of 75.48%. The University continues to pursue strategic growth in all categories of enrollment - resident credit and distance learning enrollments, at both the undergraduate and graduate levels. The University can now enroll up to 25 percent of out-of-state freshmen students after the UNC Board of Governors raised the cap for the University from 18 percent. Total enrollment for Fall 2024 was 11,686 as compared to 11,628 in Fall 2023. The University did enroll a large freshmen class in the Fall of 2024, with 2,037 first-time freshmen.

The University continues to seek innovative ways to grow and to provide services to the citizens in Western North Carolina, as well as all of North Carolina. For example, the University has entered a partnership with NCInnovation, a non-profit agency funded by a grant from the State, to promote research-based entrepreneurship, product development and commercialization, and bolster the likelihood of new job creation in the western portion of the State. Another example is to help address the critical workforce shortage in health care, the University will utilize funding from the State to double the number of pre-licensure nursing students in the program from 30 to 60 students per cohort (spring and fall); hire additional faculty and staff to support the increased student intake; upgrade simulation supplies and equipment to provide state-of-the-art training facilities; and enhance technology to support the expanded program.

At the end of September 2024, the storm Helene moved through Western North Carolina. While media reports showed extensive damage in the area, the University campus did not suffer any significant damage. Classes were suspended for two weeks, and non-essential campus operations were suspended for one week. The campus resumed normal business operations on October 7, 2024, and classes resumed on October 21, 2024, after the completion of the regularly scheduled student fall break.

The University continues to receive positive news. In March 2024, the Pride of the Mountains Marching Band performed in Dublin, Ireland for the St. Patrick's Day parade there. Forbes Magazine has ranked the University in the top 8.5% of mid-size employers, and they ranked the University's online programs in the top ten in the state.

Financial Statements

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 185,376,556.17
Restricted Cash and Cash Equivalents	30,496,459.29
Receivables, Net (Note 5)	7,393,834.77
Inventories	7,613,193.70
Notes Receivable, Net (Note 5)	824,461.26
Leases Receivable (Note 10)	137,080.35
Other Assets	201,592.95
Total Current Assets	232,043,178.49
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	9,386,680.61
Receivables, Net (Note 5)	3,101,438.86
Endowment Investments	136,296,060.99
Restricted Investments	1,756,851.25
Other Investments	58,000.00
Notes Receivable, Net (Note 5)	325,391.15
Leases Receivable (Note 10)	4,558,994.74
Prepaid Bond Insurance	71,090.39
Beneficial Interest in Assets Held by Others	126,381.89
Capital Assets - Nondepreciable (Note 6)	25,410,704.67
Capital Assets - Depreciable, Net (Note 6)	667,542,550.93
Total Noncurrent Assets	848,634,145.48
Total Assets	1,080,677,323.97
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Loss on Refunding	3,335,471.51
Deferred Outflows Related to Pensions	35,632,280.16
Deferred Outflows Related to Other Postemployment Benefits (Note 15)	29,871,812.17
Total Deferred Outflows of Resources	68,839,563.84
LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Liabilities (Note 8)	3,588,203.78
Unearned Revenue	6,660,345.79
Interest Payable	1,839,927.70
Long-Term Liabilities - Current Portion (Note 9)	12,523,052.71
Total Current Liabilities	24,611,529.98

Noncurrent Liabilities:	
Accounts Payable and Accrued Liabilities (Note 8)	575,904.58
Deposits Payable	159,449.29
Funds Held for Others	847,547.27
U.S. Government Grants Refundable	3,021,828.98
Long-Term Liabilities, Net (Note 9)	449,929,910.85
Total Noncurrent Liabilities	454,534,640.97
Total Liabilities	479,146,170.95
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Under Public-Private Partnerships (Note 7)	20,537,993.39
Deferred Gain on Refunding	607,217.64
Deferred Inflows for Irrevocable Split-Interest Agreements	126,381.89
Deferred Inflows Related to Pensions	536,183.91
Deferred Inflows Related to Other Postemployment Benefits (Note 15)	43,877,344.39
Deferred Inflows for Leases	4,530,933.59
Total Deferred Inflows of Resources	70,216,054.81
NET POSITION	
Net Investment in Capital Assets	424,986,939.45
Restricted:	
Nonexpendable:	
True Endowments	62,060,238.81
Expendable:	
Scholarships, Research, Instruction, and Other	88,942,796.04
Capital Projects	13,442,727.44
Debt Service	4,634,117.43
Total Restricted-Expendable Net Position	107,019,640.91
Unrestricted	6,087,842.88
Total Net Position	$ 600,154,662.05

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

Western Carolina University
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2024 — *Exhibit A-2*

OPERATING REVENUES	
Student Tuition and Fees, Net (Note 12)	$ 46,963,326.31
Federal Grants and Contracts	4,038,534.12
State and Local Grants and Contracts	2,373,447.71
Nongovernmental Grants and Contracts	1,398,886.62
Sales and Services, Net (Note 12)	54,130,458.30
Interest Earnings on Loans	9,528.63
Other Operating Revenues	4,536,092.28
Total Operating Revenues	113,450,273.97
OPERATING EXPENSES	
Salaries and Benefits	171,245,863.75
Supplies and Services	85,625,829.99
Scholarships and Fellowships	14,956,384.02
Utilities	4,786,849.88
Depreciation/Amortization	14,997,684.18
Total Operating Expenses	291,612,611.82
Operating Loss	(178,162,337.85)
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	164,838,489.74
Student Financial Aid	25,275,369.02
Noncapital Contributions, Net (Note 12)	11,088,399.74
Investment Income (Net of Investment Expense of $404,733.37)	24,009,237.83
Interest and Fees on Debt	(8,200,775.40)
Other Nonoperating Expenses	(590,216.03)
Net Nonoperating Revenues	216,420,504.90
Income Before Other Revenues	38,258,167.05
Capital Appropriations	3,897,210.00
Capital Contributions	484,386.61
Additions to Endowments	2,658,188.77
Total Other Revenues	7,039,785.38
Increase in Net Position	45,297,952.43
NET POSITION	
Net Position - July 1, 2023	554,856,709.62
Net Position - June 30, 2024	$ 600,154,662.05

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

Western Carolina University
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from Customers	$ 109,462,658.39
Payments to Employees and Fringe Benefits	(174,036,466.30)
Payments to Vendors and Suppliers	(91,139,387.99)
Payments for Scholarships and Fellowships	(14,956,384.02)
Loans Issued	(481,712.65)
Collection of Loans	432,445.65
Interest Earned on Loans	64,041.68
Student Deposits Received	258,187.56
Student Deposits Returned	(248,342.28)
William D. Ford Direct Lending Receipts	45,327,833.00
William D. Ford Direct Lending Disbursements	(45,327,833.00)
Related Activity Agency Receipts	3,248,255.98
Related Activity Agency Disbursements	(3,220,153.17)
Other Receipts	3,783,189.18
Net Cash Used by Operating Activities	(166,833,667.97)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	164,838,489.74
Student Financial Aid	25,275,369.02
Noncapital Contributions	7,523,139.49
Additions to Endowments	2,343,446.66
Total Cash Provided by Noncapital Financing Activities	199,980,444.91
CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES	
Capital Appropriations	3,897,210.00
Capital Contributions	194,386.61
Proceeds from Sale of Capital Assets	25,803.11
Proceeds from Insurance on Capital Assets	29,317.06
Proceeds from Lease Arrangements	38,264.76
Acquisition and Construction of Capital Assets	(9,077,125.43)
Principal Paid on Capital Debt and Lease/Subscription Liabilities	(11,380,667.08)
Interest and Fees Paid on Capital Debt and Lease/Subscription Liabilities	(8,139,211.35)
Net Cash Used by Capital Financing and Related Financing Activities	(24,412,022.32)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	7,979,559.25
Investment Income	11,695,244.59
Purchase of Investments and Related Fees	(6,455,613.25)
Net Cash Provided by Investing Activities	13,219,190.59
Net Increase in Cash and Cash Equivalents	21,953,945.21
Cash and Cash Equivalents - July 1, 2023	203,305,750.86
Cash and Cash Equivalents - June 30, 2024	$ 225,259,696.07

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES

Operating Loss	$ (178,162,337.85)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation/Amortization Expense	14,997,684.18
Lease Income (Amortized Deferred Inflows of Resources)	77,288.94
Allowances, Write-Offs, and Amortizations	288,726.89
Other Nonoperating Expenses	(248,194.43)
Changes in Assets and Deferred Outflows of Resources:	
Receivables, Net	(339,016.55)
Inventories	(626,166.30)
Notes Receivable, Net	444,064.25
Beneficial Interest in Assets Held by Others	(88,458.15)
Deferred Outflows Related to Pensions	(4,687,163.25)
Deferred Outflows Related to Other Postemployment Benefits	(1,879,204.03)
Prepaid Assets	(16,334.48)
Changes in Liabilities and Deferred Inflows of Resources:	
Accounts Payable and Accrued Liabilities	(594,109.84)
Unearned Revenue	530,220.48
Funds Held for Others	55,047.37
Net Pension Liability	9,239,222.92
Net Other Postemployment Benefits Liability	14,650,814.73
Compensated Absences	515,676.00
Deposits Payable	40,041.51
Workers' Compensation Liability	(24,606.86)
Deferred Inflows for Irrevocable Split-Interest Agreements	88,458.15
Deferred Inflows Under Public-Private Partnerships	(664,444.95)
Deferred Inflows Related to Pensions	(288,582.76)
Deferred Inflows Related to Other Postemployment Benefits	(20,142,293.94)
Net Cash Used by Operating Activities	$ (166,833,667.97)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through the Assumption of a Liability	$ 6,401,376.34
Assets Acquired through a Gift	1,553,235.14
Change in Fair Value of Investments	12,740,042.78
Reinvested Distributions	3,862,180.64
Loss on Disposal of Capital Assets	(677,269.06)
Amortization of Bond Premiums	(1,007,726.42)
Increase in Receivables Related to Nonoperating/Other Revenues	944,937.45
Decrease in Net Other Postemployment Benefits Liability Related to Noncapital Contributions	(198,441.00)

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

Notes to the Financial Statements

Note 1 - Significant Accounting Policies

A. Financial Reporting Entity - The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. Western Carolina 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 blended 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, Western Carolina University Foundation (Foundation) and Western Carolina University Research and Development Corporation (Corporation), component units of the University, are reported as if they were part of the University.

The Foundation is governed by a 28-member board consisting of three ex officio directors and 25 elected directors. The Foundation's purpose is to aid, support, and promote teaching, research, and service in the various educational, scientific, scholarly, professional, artistic, and creative endeavors of the University. Because the elected directors of the Foundation are appointed by the members of the Western Carolina University Board of Trustees, and the Foundation's sole purpose is to benefit Western Carolina University, its financial statements have been blended with those of the University.

The Corporation is governed by a six-member board consisting of one appointed director, four ex officio directors, and one elected director. The mission of the Corporation is to aid and promote the education, charitable purpose, and lawful activities of the University. Because the University indirectly appoints the Corporation's board, and the debt outstanding of the Corporation is expected to be repaid entirely within the resources of the University, its financial statements have been blended with those of the University.

The Corporation for Entrepreneurship and Innovation, LLC (CEI), a North Carolina limited liability company, was formed on July 10, 2015. It is a wholly owned subsidiary of the Corporation, which is a nonprofit organization and blended component unit of the University, located in Cullowhee, North Carolina. CEI is operated by faculty within the College of Business at the University. As CEI is wholly owned by the Corporation, CEI's financial transactions are already included within the Corporation's financial statements.

Separate financial statements for the Foundation and the Corporation may be obtained from the University Controller's Office, Suite 300, Cullowhee, NC 28723, or by calling 828-227-7286.

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

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). Pursuant to the provisions of 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,* the full scope of the University's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements.

C. **Basis of Accounting** - The financial statements of the University have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of the cash flows.

Nonexchange transactions, in which the University receives (or gives) value without directly giving (or receiving) equal value in exchange, include state appropriations, certain grants, and donations. Revenues are recognized, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met, if probable of collection.

D. **Cash and Cash Equivalents** - This classification includes undeposited receipts, petty cash, cash on deposit with private bank accounts, cash on deposit with fiscal agents, and deposits held by the State Treasurer in the Short-Term Investment Fund (STIF). The STIF maintained by the State Treasurer has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty.

E. **Investments** - To the extent available, investments are recorded at fair value based on quoted market prices in active markets on a trade-date basis. Additional information regarding the fair value measurement of investments is disclosed in Note 3. Because of the inherent uncertainty in the use of estimates, values that are based on estimates may differ from the values that would have been used had a ready market existed for the investments. The net change in the value of investments is recognized as a component of investment income.

Endowment investments include the principal amount of gifts and bequests that, according to donor restrictions, must be held in perpetuity or for a specified period of time, along with any accumulated investment earnings on such amounts. Further, endowment investments also include amounts internally designated by the University for investment in an endowment capacity (i.e. quasi-endowments), along with accumulated investment earnings on such amounts. Land and other real estate held as investments by endowments are reported at fair value, consistent with how investments are generally reported.

F. Receivables - Receivables consist of tuition and fees charged to students and charges for auxiliary enterprises' sales and services. Receivables also include amounts due from the federal government, state and local governments, private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants, and pledges that are verifiable, measurable, and expected to be collected and available for expenditures for which the resource provider's conditions have been satisfied. 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 last invoice cost method.

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

The University capitalizes assets that have a value or cost of $5,000 or greater at the date of acquisition and an estimated useful life of more than one year except for externally purchased computer software, which is capitalized when the value or cost is $100,000 or greater, and electric resale assets which are capitalized in accordance with the guidelines from the North Carolina Utilities Commission. 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 for all assets, except for the electric resale assets which are computed using the composite rate method. These methods calculate depreciation and amortization over the estimated useful lives of the assets in the following manner:

Asset Class	Estimated Useful Life
Buildings	20-100 years
Machinery and Equipment	2-30 years
General Infrastructure	10-50 years
Computer Software	20 years

Right-to-use leased and subscription assets are recorded at the present value of payments expected to be made during the lease or subscription term, plus any upfront payments and ancillary charges paid to place the underlying right-to-use asset into service. Lease liabilities are capitalized as a right-to-use asset when the underlying leased asset has a cost of $100,000 or greater and an estimated useful life of more than one year. Subscription liabilities are capitalized as a right-to-use asset when the underlying subscription asset has a cost of $100,000 or greater and an estimated useful life of more than one year.

Amortization for right-to-use leased and subscription assets is computed using the straight-line method over the shorter of the lease/subscription term or the underlying asset's estimated useful life. If a lease agreement contains a purchase option the University is reasonably certain will be exercised, the right-to-use leased asset is amortized over the asset's estimated useful life.

I. Restricted Assets - Certain resources are reported as restricted assets because restrictions on asset use change the nature or normal understanding of the availability of the asset. Resources that are not available for current operations and are reported as restricted include resources restricted for the acquisition or construction of capital assets, resources legally segregated for the payment of principal and interest as required by debt covenants, unspent debt proceeds, and endowment and other restricted investments.

J. **Accounting and Reporting of Fiduciary Activities** - Pursuant to the provisions of GASB Statement No. 84, *Fiduciary Activities*, custodial funds that are normally expected to be received and disbursed within a 3-month period or otherwise do not meet the fiduciary activity criteria defined by GASB Statement No. 84 continue to be reported in the Statement of Net Position as funds held for others and as operating activities in the Statement of Cash Flows.

There are no other trust or custodial funds meeting the criteria of a fiduciary activity that are required to be reported in separate fiduciary fund financial statements.

K. **Noncurrent Long-Term Liabilities** - Noncurrent long-term liabilities include principal amounts of long-term debt and other long-term liabilities that will not be paid within the next fiscal year. Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Long-term debt includes: revenue bonds payable, special indebtedness, and a note from direct borrowing. Other long-term liabilities include: lease liabilities, subscription liabilities, compensated absences, net pension liability, net other postemployment benefits (OPEB) liability, and workers' compensation.

Revenue bonds payable and special indebtedness are reported net of unamortized premiums or discounts. The University amortizes bond premiums/discounts over the life of the bonds using the straight-line method that approximates the effective interest method. Deferred gains and losses on refundings are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method, and are aggregated as deferred outflows of resources or deferred inflows of resources on the Statement of Net Position. Issuance costs are expensed in the reporting period in which they are incurred.

The net pension liability represents the University's proportionate share of the collective net pension liability reported in the State of North Carolina's 2023 *Annual Comprehensive Financial Report.* This liability represents the University's portion of the collective total pension liability less the fiduciary net position of the Teachers' and State Employees' Retirement System. See Note 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 2023 *Annual Comprehensive Financial Report.* This liability represents the University's portion of the collective total OPEB liability less the fiduciary net position of the Retiree Health Benefit Fund and Disability Income Plan of North Carolina. See Note 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's policy is to record the cost of vacation leave when earned. The policy provides for a maximum accumulation of unused vacation leave of 30 days which can be carried forward each January 1 or for which an employee can be paid upon termination of employment. When classifying compensated absences into current and noncurrent, leave is considered taken using a last-in, first-out (LIFO) method. Also, any accumulated vacation leave in excess of 30 days at year-end is converted to sick leave. Under this policy, the accumulated vacation leave for each employee at June 30 equals the leave carried forward at the previous December 31 plus the leave earned, less the leave taken between January 1 and June 30.

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

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

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

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

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.

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

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

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

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

Note 2 - Deposits and Investments

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

At June 30, 2024, the amount shown on the Statement of Net Position as cash and cash equivalents includes $223,351,737.24, which represents the University's equity position in the State Treasurer's Short-Term Investment Fund (STIF). The STIF (a portfolio within the State Treasurer's Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission or subject to any other regulatory oversight and does not have a credit rating) had a weighted average maturity of 1.4 years as of June 30, 2024. Assets and shares of the STIF are valued at fair value. Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's STIF) are included in the North Carolina Department of State Treasurer Investment Programs' separately issued audit report. This separately issued report can be obtained from the Department of State Treasurer, 3200 Atlantic Avenue, Raleigh, NC 27604 or can be accessed from the Department of State Treasurer's website at https://www.nctreasurer.com/ in the Audited Financial Statements section.

Cash on hand at June 30, 2024 was $29,265.00. The carrying amount of the University's deposits not with the State Treasurer was $1,878,693.83, and the bank balance was $1,160,727.30. Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University does not have a deposit policy for custodial credit risk. As of June 30, 2024, the University's bank balance was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	$ 536,335.38

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.

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

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

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

Investments of the University's component units, the Foundation and Corporation, 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.

Long-Term Investment Pool - This is an internal investment pool that is utilized for the investment of the endowment funds. Fund ownership is measured using the unit value method. Under this method, each participating fund's investment balance is determined on a market value basis. The investment strategy, including the selection of investment managers, is based on the directives of the Board of Trustees of the Endowment Fund.

The following table presents investments by type and investments subject to interest rate risk at June 30, 2024, for the Long-Term Investment Pool.

Long-Term Investment Pool

	Amount
Investment Type	
Other Securities	
UNC Investment Fund	$ 136,011,808.35
Private Equity Limited Partnerships	1,980,112.00
Other	2,122.00
Total Long-Term Investment Pool	$ 137,994,042.35

UNC Investment Fund, LLC - At June 30, 2024, the University's investments include $136,011,808.35, 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 and investments subject to interest rate risk at June 30, 2024, for the University's non-pooled investments.

Non-Pooled Investments

		Investment Maturities (in Years)
	Amount	Less Than 1
Investment Type		
Debt Securities		
Money Market Mutual Funds	$ 514.83	$ 514.83
Other Securities		
Investments in Real Estate	58,000.00	
Private Equity Limited Partnerships	6,035.00	
Domestic Stocks	52,320.06	
Total Non-Pooled Investments	$ 116,869.89	

At June 30, 2024, the University's non-pooled investments had the following credit quality distribution for securities with credit exposure:

	Amount	AAA Aaa
Money Market Mutual Funds	$ 514.83	$ 514.83

Rating Agency: Morningstar and Standard & Poor's

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

	Amount
Investment Type	
Debt Securities	
Money Market Mutual Funds	$ 514.83
Other Securities	
UNC Investment Fund	136,011,808.35
Investments in Real Estate	58,000.00
Private Equity Limited Partnerships	1,986,147.00
Domestic Stocks	52,320.06
Other	2,122.00
Total Investments	$ 138,110,912.24

Note 3 - Fair Value Measurements

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

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

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

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

		Fair Value Measurements Using		
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments by Fair Value Level				
Debt Securities				
Money Market Mutual Funds	$ 514.83	$ 514.83	$ -	$ -
Other Securities				
Investments in Real Estate	58,000.00	-	-	58,000.00
Domestic Stocks	52,320.06	52,320.06	-	-
Other	2,122.00	-	-	2,122.00
Total Investments by Fair Value Level	112,956.89	$ 52,834.89	$ -	$ 60,122.00
Investments Measured at the Net Asset Value (NAV)				
Private Equity Limited Partnerships	1,986,147.00			
Investments as a Position in an External Investment Pool				
Short-Term Investment Fund	223,351,737.24			
UNC Investment Fund	136,011,808.35			
Total Investments as a Position in an External Investment Pool	359,363,545.59			
Total Investments Measured at Fair Value	$ 361,462,649.48			

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.

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.

Investments in Real Estate - The Foundation currently holds two parcels of land for resale valued at $58,000.00. This investment is classified in Level 3. The real estate was donated to the Foundation to be sold. The investment is measured at fair value by comparing to the county tax valuation.

Other - The University currently has other investments amounting to $2,122.00 that are classified in Level 3.

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

Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private Equity Limited Partnerships	$ 1,986,147.00	$ -	N/A	N/A

Private Equity Limited Partnerships - The University and Foundation currently have investments in limited partnerships. This type includes investments in four different limited partnerships and one private equity investment. The limited partnerships, which represent the University's largest investment in this category, are private investment firms. If the University desired to sell its position in any of these investments, it would have to find a buyer for its interest. The investment in the other private equity is minimal. All of these investments are valued at the NAV. Valuation is based upon March 31, 2024 statements provided to the University by the investment partners.

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). The current spending policy for the University's pooled endowment funds provides 5.0% of the endowment pool's twelve quarter rolling average market value, disregarding the highest and lowest quarter's value as of June 30. The Board of Trustees annually reviews the spending policy and adjusts accordingly. At June 30, 2024, net appreciation of $80,020,395.49 was available to be spent, of which $71,387,301.49 was classified in net position as restricted expendable. The remaining portion of net appreciation available to be spent is classified as unrestricted net position.

Note 5 - Receivables

Receivables at June 30, 2024, were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	$ 4,520,966.94	$ 1,787,180.41	$ 2,733,786.53
Student Sponsors	116,869.61	-	116,869.61
Accounts	1,673,904.14	-	1,673,904.14
Intergovernmental	1,076,415.39	-	1,076,415.39
Pledges	1,663,666.36	74,864.97	1,588,801.39
Interest on Loans	16,830.37	-	16,830.37
Other	187,227.34	-	187,227.34
Total Current Receivables	$ 9,255,880.15	$ 1,862,045.38	$ 7,393,834.77
Noncurrent Receivables:			
Pledges	$ 3,247,579.95	$ 146,141.09	$ 3,101,438.86
Notes Receivable:			
Notes Receivable - Current:			
Federal Loan Programs	$ 824,332.57	$ -	$ 824,332.57
Institutional Student Loan Programs	1,595.49	1,466.80	128.69
Total Notes Receivable - Current	$ 825,928.06	$ 1,466.80	$ 824,461.26
Notes Receivable - Noncurrent:			
Federal Loan Programs	$ 735,675.66	$ 414,640.00	$ 321,035.66
Institutional Student Loan Programs	4,355.49	-	4,355.49
Total Notes Receivable - Noncurrent	$ 740,031.15	$ 414,640.00	$ 325,391.15

Note 6 - Capital Assets

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

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital Assets, Nondepreciable:				
Land and Permanent Easements	$ 14,627,041.34	$ 900,292.89	$ -	$ 15,527,334.23
Art, Literature, and Artifacts	1,502,931.63	221,888.00	-	1,724,819.63
Construction in Progress	7,619,498.48	1,903,456.84	1,364,404.51	8,158,550.81
Total Capital Assets, Nondepreciable	23,749,471.45	3,025,637.73	1,364,404.51	25,410,704.67
Capital Assets, Depreciable:				
Buildings	685,875,861.92	1,717,040.15	716,889.93	686,876,012.14
Machinery and Equipment	46,433,175.71	4,969,696.42	1,209,772.24	50,193,099.89
General Infrastructure	97,970,045.01	380,147.72	135,829.31	98,214,363.42
Computer Software	267,380.85	-	-	267,380.85
Right-to-Use Leased Buildings	8,779,653.77	2,393,681.54	741,117.54	10,432,217.77
Right-to-Use Leased Machinery and Equipment	1,391,433.66	1,131,530.21	1,134,381.70	1,388,582.17
Right-to-Use Subscription Assets	1,976,682.89	1,569,876.62	355,778.66	3,190,780.85
Other Intangible Assets	1,371,565.43	-	1,371,565.43	-
Total Capital Assets, Depreciable	844,065,799.24	12,161,972.66	5,665,334.81	850,562,437.09
Less Accumulated Depreciation/Amortization for:				
Buildings	131,637,001.15	8,516,657.20	609,356.49	139,544,301.86
Machinery and Equipment	15,351,377.31	1,933,481.28	731,011.81	16,553,846.78
General Infrastructure	20,160,424.18	1,999,145.06	135,829.31	22,023,739.93
Computer Software	140,200.17	13,387.44	-	153,587.61
Right-to-Use Leased Buildings	2,331,809.96	1,379,647.04	136,438.01	3,575,018.99
Right-to-Use Leased Machinery and Equipment	968,693.66	400,929.66	1,134,381.70	235,241.62
Right-to-Use Subscription Assets	518,561.45	754,436.50	338,848.58	934,149.37
Other Intangible Assets	1,254,787.13	-	1,254,787.13	-
Total Accumulated Depreciation/Amortization	172,362,855.01	14,997,684.18	4,340,653.03	183,019,886.16
Total Capital Assets, Depreciable, Net	671,702,944.23	(2,835,711.52)	1,324,681.78	667,542,550.93
Capital Assets, Net	$ 695,452,415.68	$ 189,926.21	$ 2,689,086.29	$ 692,953,255.60

As of June 30, 2024, the total amount of right-to-use leased and subscription assets was $11,820,799.94 and $3,190,780.85, and the related accumulated amortization was $3,810,260.61 and $934,149.37, respectively.

The July 1, 2023 balances of depreciable capital assets and corresponding accumulated depreciation were restated to reflect reclassifications among categories made after the end of the prior fiscal year. These reclassifications had no net impact on beginning net position.

Note 7 - Public-Private Partnership For Noble Hall

In August 2016, construction was completed on Noble Hall pursuant to an agreement with a third-party developer, Collegiate Housing Foundation (CHF), under which CHF designed and built a mixed-use facility that includes residential units, commercial, and dining establishments. The building is on land owned by the Board of Trustees of the Endowment Fund, a body established under the State of North Carolina, and leased to CHF for 40 years. The student housing facility will be managed by the University under the terms of the management agreement. The University will operate the facility with budgetary oversight from CHF. At the end of the arrangement, CHF will transfer its interest in the facility at no cost to the University or, if directed by the University, to the Board of Trustees of the Endowment Fund.

In order to promote economic, cultural, and community development opportunities, including the creation of employment, and the stimulation of economic activity, the University entered into this agreement with CHF to construct the facility. The University reports the facility as a capital asset with a carrying amount of $23,640,249.79 at year-end and a related deferred inflow of resources of $20,537,993.39 that is amortized using the straight-line method over the terms of the lease agreement.

Note 8 - Accounts Payable and Accrued Liabilities

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

	Amount
Current Accounts Payable and Accrued Liabilities	
Accounts Payable	$ 1,711,703.66
Accounts Payable - Capital Assets	318,356.52
Accrued Payroll	1,135,804.43
Contract Retainage	64,565.45
Other	357,773.72
Total Current Accounts Payable and Accrued Liabilities	$ 3,588,203.78
Noncurrent Accounts Payable and Accrued Liabilities	
Contract Retainage	$ 575,904.58

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, 2024, is presented as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion
Long-Term Debt					
Revenue Bonds Payable	$ 183,140,000.00	$ -	$ 5,505,000.00	$ 177,635,000.00	$ 5,685,000.00
Special Indebtedness	42,465,000.00	-	2,380,000.00	40,085,000.00	2,490,000.00
Plus: Unamortized Premium	21,992,169.95	-	1,007,726.42	20,984,443.53	-
Total Revenue Bonds Payable and Special Indebtedness, Net	247,597,169.95	-	8,892,726.42	238,704,443.53	8,175,000.00
Note from Direct Borrowing	-	1,200,000.00	142,258.78	1,057,741.22	99,949.13
Total Long-Term Debt	247,597,169.95	1,200,000.00	9,034,985.20	239,762,184.75	8,274,949.13
Other Long-Term Liabilities					
Lease Liabilities	7,112,528.39	3,525,211.75	2,348,159.15	8,289,580.99	1,668,792.33
Subscription (SBITA) Liabilities	1,433,895.45	1,293,242.62	1,005,249.15	1,721,888.92	695,833.55
Employee Benefits					
Compensated Absences	8,199,953.00	7,233,408.16	6,717,729.18	8,715,631.98	1,686,264.97
Net Pension Liability	48,192,939.23	9,239,222.92	-	57,432,162.15	-
Net Other Postemployment Benefits Liability	131,286,550.19	14,452,373.73	-	145,738,923.92	-
Workers' Compensation	817,197.71	199,936.58	224,543.44	792,590.85	197,212.73
Total Other Long-Term Liabilities	197,043,063.97	35,943,395.76	10,295,680.92	222,690,778.81	4,248,103.58
Total Long-Term Liabilities, Net	$ 444,640,233.92	$ 37,143,395.76	$ 19,330,666.12	$ 462,452,963.56	$ 12,523,052.71

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 Special Indebtedness - The University was indebted for revenue bonds payable and special indebtedness (which includes Limited Obligation Bonds) for the purposes shown in the following table:

Purpose	Series	Interest Rate/ Ranges	Final Maturity Date	Original Amount of Issue	Principal Outstanding June 30, 2024	See Table Below
Revenue Bonds Payable						
The University of North Carolina System Pool Revenue Bonds						
Dining, Athletics, and Student Recreation Center	(A)	3.00 - 5.00%	04/01/2046	$ 36,965,000.00	$ 29,675,000.00	
Athletics and Student Recreation Center	(B)	2.350 - 3.595%	04/01/2027	7,435,000.00	2,190,000.00	
Student Housing	(C)	3.625 - 5.00%	10/01/2047	46,285,000.00	42,910,000.00	
Parking Deck	(D)	2.00 - 5.00%	10/01/2049	19,825,000.00	18,450,000.00	
Student Housing	(E)	2.25 - 5.00%	04/01/2050	75,815,000.00	75,815,000.00	
Athletics, Student Housing and Student Recreation Center	(F)	0.909 - 2.013%	04/01/2028	14,175,000.00	8,595,000.00	
Total The University of North Carolina System Pool Revenue Bonds				200,500,000.00	177,635,000.00	
Special Indebtedness						
Refunding Limited Obligation Bonds	2023	3.47%	06/01/2033	5,695,000.00	5,210,000.00	(1)
Refunding Limited Obligation Bonds	2015	3.0-4.0%	06/01/2032	8,035,000.00	4,380,000.00	(2)
Refunding Limited Obligation Bonds	2016	3.0-5.0%	06/01/2039	38,375,000.00	30,495,000.00	(3)
Total Special Indebtedness				52,105,000.00	40,085,000.00	
Total Revenue Bonds Payable and Special Indebtedness (principal only)				$ 252,605,000.00	217,720,000.00	
Plus: Unamortized Premium					20,984,443.53	
Total Revenue Bonds Payable and Special Indebtedness, Net					$ 238,704,443.53	

(A) The University of North Carolina System Pool Revenue Bonds, Series 2015A
(B) The University of North Carolina System Pool Revenue Bonds, Series 2015B
(C) The University of North Carolina System Pool Revenue Bonds, Series 2018
(D) The University of North Carolina System Pool Revenue Bonds, Series 2020A
(E) The University of North Carolina System Pool Revenue Bonds, Series 2020B
(F) The University of North Carolina System Pool Revenue Bonds, Series 2020C

The University has pledged future revenues, net of specific operating expenses, to repay special indebtedness as shown in the table below:

			For the Year Ended June 30, 2024			
Ref	Revenue Source	Total Future Revenues Pledged	Revenues Net of Expenses	Principal	Interest	Estimate of % of Revenues Pledged
(1)	The Village	$ 5,210,000.00	$ 1,001,945.27	$ 485,000.00	$ 212,437.44	53%
(2)	Norton Road	4,380,000.00	1,485,279.75	465,000.00	165,068.76	33%
(3)	Balsam/Blue Ridge	30,495,000.00	4,732,679.46	1,430,000.00	1,260,831.26	42%

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

Purpose	Financial Institution	Interest Rate	Final Maturity Date	Original Amount of Issue	Principal Outstanding June 30, 2024
Tucks Property	VIPKOL, LLC	4.00%	09/01/2032	$ 1,200,000.00	$ 1,057,741.22

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

	Annual Requirements					
	Revenue Bonds Payable		Special Indebtedness		Note from Direct Borrowing	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 5,685,000.00	$ 7,021,899.07	$ 2,490,000.00	$ 1,516,587.02	$ 99,949.13	$ 42,309.65
2026	6,540,000.00	6,810,431.02	2,585,000.00	1,419,663.52	103,947.10	38,311.68
2027	6,420,000.00	6,572,346.64	2,700,000.00	1,303,343.02	108,104.98	34,153.80
2028	6,135,000.00	6,332,279.76	2,815,000.00	1,187,028.52	112,429.18	29,829.60
2029	5,585,000.00	6,122,943.76	2,945,000.00	1,065,570.02	116,926.35	25,332.43
2030-2034	32,010,000.00	26,563,228.14	14,510,000.00	3,575,681.80	516,384.48	52,650.65
2035-2039	31,535,000.00	19,910,912.50	12,040,000.00	1,424,112.50	-	-
2040-2044	37,850,000.00	13,578,793.76	-	-	-	-
2045-2049	39,845,000.00	5,324,237.52	-	-	-	-
2050-2054	6,030,000.00	218,600.00	-	-	-	-
Total Requirements	$ 177,635,000.00	$ 98,455,672.17	$ 40,085,000.00	$ 11,491,986.40	$ 1,057,741.22	$ 222,587.81

Interest on the variable rate is predetermined in each of the bond covenants.

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 - As of June 30, 2024, the University has six General Revenue Bonds payable in the University of North Carolina System Pool, with a total outstanding balance of $177,635,000.00. The bonds were issued to fund the construction and equipping of certain student housing, dining, athletic, parking and recreation facilities on the main Cullowhee, NC campus. Each series has been issued under and secured by a General Trust Indenture dated November 1, 2015, as amended and supplemented, between the Board of Governors of the University of North Carolina and The Bank of New York Mellon Trust Company, N.A. (the Trustee, BNY Mellon).

Each series contains provisions that in the occurrence and continuance of a default event, 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. An event of default is defined as a failure to pay the principal of or premium, if any, on a bond when it becomes due and payable, a failure to pay any installment of interest when it becomes due and payable, or when the University fails to observe any covenant, condition, agreement or provision contained in the bonds or the indenture 30 days after receiving written notification specifying the failure and requesting remedy. In this event, the Trust Estate becomes immediately subject to the lien of the security interest.

Special Indebtedness - The University has three Refunding Limited Obligation Bonds (LOBs) payable, with a total outstanding balance of $40,085,000.00, as of June 30, 2024. These bonds were issued to fund the construction and equipping of student housing facilities on the main Cullowhee, NC campus. Each issuance has been executed and delivered pursuant to a Trust Indenture between Western Carolina University Research and Development Corporation (the Company), a blended component unit of the University, and U.S. Bank National Association (the Trustee, US Bank).

Major terms are the same for each Trust Indenture, which includes a land lease between the Company and the State of North Carolina and an operation agreement (Use Agreement) between the Company and the University. These bonds are secured by revenues which include rentals payable by the University under the leases and use agreements on the funded project. The LOBs are further secured by a deed of trust on the property.

The Trust Indentures evidence proportionate undivided interests in rights to receive certain revenues, including Base Rentals (as defined in the Trust Indenture), pursuant to a corresponding Lease agreement (Lease, as amended) between the State of North Carolina and the Company. Base Rentals are defined as payments by the University under the Use Agreement, which constitute the rental payments payable by the University for and in consideration of the right to use, and the option to purchase, the funded project.

The Use Agreement establishes that the UNC Board and the University will at times fix, revise, charge and collect fees, rents, and charges for the use of and for services furnished by the funded Project. Additionally, these revenues may be collected in an amount sufficient to (1) produce a Debt Service Coverage Ratio equal to 1.15, plus (2) any required deposits to be held in reserve.

Each series contains provisions that in the occurrence and continuance of a default event, there will be no prepayment of less than all of the corresponding LOBs outstanding. An event of default is defined as a failure to pay the principal or premium, if any, on a bond when it becomes due and payable, a failure to pay any installment of interest when it becomes due and payable, or when the University fails to observe any covenant, condition, agreement or provision contained in the bonds or the indenture 30 days after receiving written notification specifying the failure and requesting remedy.

Note from Direct Borrowing - The University entered into a note from direct borrowing of $1,200,000 through a promissory note agreement with a private lender dated September 11, 2023. The note was issued for the purchase of land. The outstanding balance as of June 30, 2024 was $1,057,741.22. The loan carries an interest rate of 4.00% and requires ten annual principal and interest payments in the amount of $142,258.78 beginning September 1, 2023. This agreement contains provision related to events of default. An event of default occurs when: (1) payment of any installment of principal or interest is not paid within 10 days from the due date, or (2) default under the terms of any instrument securing the note, and such default is not resolved within 15 days after written notice to the maker.

Upon the occurrence of any default, the holder may without further notice, declare the remainder of the principal sum, together with all interest accrued, at once due and payable. The unpaid principal, accrued interest, and all other sums due under the note will be subject to interest at the rate of 12% per annum after default until paid.

F. Bond Defeasance

Prior Year Defeasances - During prior years, the University defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the University's financial statements. At June 30, 2024, the outstanding balance of prior year defeased bonds was $13,805,000.

Note 10 - Leases and Subscription-Based Information Technology Arrangements

A. Lessor Arrangements - The University leases land and roof-top 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.

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

During the year ended June 30, 2024, the University recognized operating revenues related to lessor arrangements totaling $217,575.24, and nonoperating lease interest income totaling $77,288.94.

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

Classification:	Number of Lease Contracts	Lease Receivable June 30, 2024	Current Portion	Lease Terms (1)	Interest Rate Ranges
Lessor:					
Land	2	$3,686,767.28	$ 66,783.98	4 - 39 years	0.203 - 2.054%
Buildings	3	1,009,307.81	70,296.37	3 - 15 years	1.355 - 1.888%
Total	5	$4,696,075.09	$ 137,080.35		

(1) The lease terms represent the range of remaining terms in each lease.

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

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

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

Classification:	Number of Lease Contracts	Lease Liabilities June 30, 2024	Current Portion	Lease Terms (1)	Interest Rate Ranges
Lessee:					
Right-to-Use Leased Buildings	7	$ 7,237,652.29	$ 1,394,814.74	2 - 7.5 years	1.722 - 2.409%
Right-to-Use Leased Machinery and Equipment	5	1,051,928.70	273,977.59	2.5 - 5 years	0.806 - 2.409%
Total	12	$ 8,289,580.99	$ 1,668,792.33		

(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 and cloud computing arrangement (network) assets from external parties. The SBITAs expire at various dates, and some have renewal options. Subscription liabilities and the related right-to-use subscription assets are recorded based on the present value of expected payments over the term of the respective SBITA. The expected payments are discounted using the interest rate stated per the SBITA contract, or the University's estimated incremental borrowing rate if there is no stated contractual interest rate.

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

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

SBITA	Number of SBITAs	Subscription (SBITA) Liabilities June 30, 2024	Current Portion	SBITA Terms and Conditions	Interest Rate Ranges
Right-to-Use Subscription Assets	15	$1,721,888.92	$ 695,833.55	2 - 5 years	2.02 - 3.018%

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

	Annual Requirements			
	Lease Liabilities		Subscription (SBITA) Liabilities	
Fiscal Year	Principal	Interest	Principal	Interest
2025	$ 1,668,792.33	$ 164,565.41	$ 695,833.55	$ 31,947.64
2026	1,698,827.63	140,900.14	617,213.90	23,719.58
2027	1,731,806.11	100,224.56	408,841.47	9,774.87
2028	1,742,783.34	58,441.92	-	-
2029	1,349,153.15	18,643.13	-	-
2030-2034	98,218.43	197.18	-	-
Total Requirements	$ 8,289,580.99	$ 482,972.34	$ 1,721,888.92	$ 65,442.09

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	$ (22,336,065.90)
Net OPEB Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(159,744,456.14)
Effect on Unrestricted Net Position	(182,080,522.04)
Total Unrestricted Net Position Before Recognition of Deferred Outflows of Resources, Deferred Inflows of Resources, and Related Long-Term Liabilities	188,168,364.92
Total Unrestricted Net Position	$ 6,087,842.88

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.

The net investment in capital assets amount of $424,986,939.45 has been significantly affected by a transaction that resulted in the recognition of deferred inflows of resources. A summary of the balances reported within net investment in capital assets' net position relating to the reporting of capital assets and the deferred inflows of resources is presented as follows:

	Amount
Capital Asset Acquired Under Public-Private Partnership	$ 23,640,249.79
Deferred Inflows Under Public-Private Partnership	(20,537,993.39)
Net Effect on Net Investment in Capital Assets	3,102,256.40
Total Net Investment in Capital Assets Before Recognition of Public-Private Partnership	421,884,683.05
Total Net Investment in Capital Assets	$ 424,986,939.45

See Note 7 for detailed information regarding the amortization of the deferred inflows of resources under the public-private partnership arrangement.

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
Operating Revenues:				
Student Tuition and Fees, Net	$ 62,765,926.03	$ 14,549,325.17	$ 1,253,274.55	$ 46,963,326.31
Sales and Services:				
Sales and Services of Auxiliary Enterprises:				
Residential Life	$ 27,291,582.56	$ 6,347,692.57	$ 260,741.58	$ 20,683,148.41
Dining	22,156,524.61	5,255,060.31	-	16,901,464.30
Student Union Services	315,834.70	-	-	315,834.70
Health, Physical Education, and Recreation Services	334,624.84	-	68,843.46	265,781.38
Bookstore	2,156,391.33	-	9,068.03	2,147,323.30
Book Rental	2,805,398.12	569,935.91	165,571.01	2,069,891.20
Print Shop	183,873.14	-	-	183,873.14
Parking	2,612,451.87	-	-	2,612,451.87
Athletic	2,426,840.28	-	-	2,426,840.28
Other	404,062.26	-	29,681.78	374,380.48
Sales and Services of Education and Related Activities	218,153.72	-	-	218,153.72
Independent Operations	5,931,315.52	-	-	5,931,315.52
Total Sales and Services, Net	$ 66,837,052.95	$ 12,172,688.79	$ 533,905.86	$ 54,130,458.30
Nonoperating Revenues:				
Noncapital Contributions, Net	$ 11,309,405.80	$ -	$ 221,006.06	$ 11,088,399.74

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	$ 81,877,444.78	$ 8,426,507.74	$ 27,265.20	$ 2,495.83	$ -	$ 90,333,713.55
Research	1,839,229.41	805,352.66	673.61	34,968.13	-	2,680,223.81
Public Service	6,583,778.23	3,482,741.29	269,460.03	2,515.56	-	10,338,495.11
Academic Support	15,596,613.75	4,714,655.17	5,902.30	2,983.96	-	20,320,155.18
Student Services	7,678,298.98	4,980,923.27	8,394.65		-	12,667,616.90
Institutional Support	24,158,710.59	11,174,906.27	1,132,362.06	55,690.26	-	36,521,669.18
Operations and Maintenance of Plant	12,858,659.16	15,263,063.54		2,434,698.26	-	30,556,420.96
Student Financial Aid	99,879.27	20,089.30	12,252,732.97		-	12,372,701.54
Auxiliary Enterprises	19,577,555.18	32,153,149.69	1,259,593.20	2,252,497.88	-	55,242,795.95
Independent Operations	975,694.40	4,604,441.06	-	1,000.00	-	5,581,135.46
Depreciation/Amortization	-	-	-	-	14,997,684.18	14,997,684.18
Total Operating Expenses	$ 171,245,863.75	$ 85,625,829.99	$ 14,956,384.02	$ 4,786,849.88	$ 14,997,684.18	$ 291,612,611.82

Note 14 - Pension Plans

A. Defined Benefit Plan

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

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

Contributions: Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute 6% of their annual pay. The contribution rate for employers is set each year by the North Carolina General Assembly in the Appropriations Act and may not be less than the contribution rate required of plan members. The TSERS Board of Trustees establishes a funding policy from which an accrued liability rate and a normal contribution rate are developed by the consulting actuary. The sum of those two rates developed under the funding policy is the actuarially determined contribution rate (ADC). The TSERS Board of Trustees may further adopt a contribution rate policy that is higher than the ADC known as the required employer contribution to be recommended to the North Carolina General Assembly. The University's contractually-required contribution rate for the year ended June 30, 2024 was 17.64% of covered payroll. Plan members' contributions to the pension plan were $3,891,504.53, and the University's contributions were $11,441,023.31 for the year ended June 30, 2024.

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

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

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

Net Pension Liability: At June 30, 2024, the University reported a liability of $57,432,162.15 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total pension liability to June 30, 2023. The University's proportion of the net pension liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2023, the University's proportion was 0.35709%, which was an increase of 0.0194 from its proportion measured as of June 30, 2022, which was 0.33769%.

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

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

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

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

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

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

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

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

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

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

Net Pension Liability		
1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
$ 98,597,564.31	$ 57,432,162.15	$ 23,472,040.88

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended June 30, 2024, the University recognized pension expense of $15,657,638.66. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to TSERS from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Actual and Expected Experience	$ 4,682,079.80	$ 423,890.06
Changes of Assumptions	2,016,941.79	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	15,934,259.86	-
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	1,557,975.40	112,293.85
Contributions Subsequent to the Measurement Date	11,441,023.31	-
Total	$ 35,632,280.16	$ 536,183.91

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

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

Year Ending June 30:	Amount
2025	$ 7,871,719.82
2026	4,411,983.41
2027	10,748,711.70
2028	622,658.01
Total	$ 23,655,072.94

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

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

Participants contribute 6% of compensation and the University contributes 6.84%. For the year ended June 30, 2024, the University had a total payroll of $129,153,403.51, of which $51,615,538.29 was covered under ORP. Total employee and employer contributions for pension benefits for the year were $3,096,932.30 and $3,530,502.82, respectively. The amount of pension expense recognized in the current year related to ORP is equal to the employer contributions.

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 2023 *Annual Comprehensive Financial Report.* An electronic version of this report is available on the North Carolina Office of the State Controller's website at https://www.osc.nc.gov/ or by calling the State Controller's Financial Reporting Section at 919-707-0500.

A. Summary of Significant Accounting Policies and Plan Asset Matters

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

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

B. Plan Descriptions

1. Health Benefits

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

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

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

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

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

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

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

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

of covered payroll. The University's contributions to the RHBF were $8,316,239.82 for the year ended June 30, 2024.

In fiscal year 2022, the Plan transferred $180.51 million to RHBF as a result of cost savings to the Plan over a span of six years. For financial reporting purposes, the transfer was recognized as a nonemployer contributing entity contribution. The contribution was allocated among the RHBF employers and recorded as noncapital contributions. For the fiscal year ended June 30, 2024, the University recognized noncapital contributions for RHBF of 198,441.00.

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 benefits.

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

Contributions: Although DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Act by the North Carolina General Assembly and coincide with the State's fiscal year. The University's contractually-required contribution rate for the year ended June 30, 2024 was 0.11% of covered payroll. The University's contributions to DIPNC were $128,121.34 for the year ended June 30, 2024.

C. Net OPEB Liability

Retiree Health Benefit Fund: At June 30, 2024, the University reported a liability of $145,587,736.85 for its proportionate share of the collective net OPEB liability for RHBF. The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total OPEB liability to June 30, 2023. The University's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2023, the University's proportion was 0.56687%, which was a decrease of 0.00737 from its proportion measured as of June 30, 2022, which was 0.57424%.

Disability Income Plan of North Carolina: At June 30, 2024, the University reported a liability of $151,187.07 for its proportionate share of the collective net OPEB liability for DIPNC. The net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022, and update procedures were used to roll forward the total OPEB liability to June 30, 2023. The University's proportion of the net OPEB liability was based on a projection of the present value of future salaries for the University relative to the projected present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2023, the University's proportion was 0.58926%, which was an increase of 0.00420 from its proportion measured as of June 30, 2022, which was 0.58506%.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Net OPEB Liability		
	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
RHBF	$ 171,748,441.11	$ 145,587,736.85	$ 124,281,582.35
	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
DIPNC	$ 181,746.89	$ 151,187.07	$ 120,069.37

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

Net OPEB Liability

	1% Decrease (Medical - 4% - 5.5%, Pharmacy - 4% - 9%, Pharmacy Rebate - 4% - 6%, Med. Advantage - 0% - 4%, Administrative - 2%)	Current Healthcare Cost Trend Rates (Medical - 5% - 6.5%, Pharmacy - 5% - 10%, Pharmacy Rebate - 5% - 7%, Med. Advantage - 0% - 5%, Administrative - 3%)	1% Increase (Medical - 6% - 7.5%, Pharmacy - 6% - 11%, Pharmacy Rebate - 6% - 8%, Med. Advantage - 0% - 6%, Administrative - 4%)
RHBF	$ 120,195,728.14	$ 145,587,736.85	$ 178,330,199.74

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

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

OPEB Plan	Amount
RHBF	$ 476,690.74
DIPNC	205,262.10
Total OPEB Expense	$ 681,952.84

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

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

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	$ 1,604,686.92	$ 132,496.09	$ 1,737,183.01
Changes of Assumptions	15,786,151.53	11,016.82	15,797,168.35
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	1,164,103.76	197,470.26	1,361,574.02
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	2,527,273.39	4,252.24	2,531,525.63
Contributions Subsequent to the Measurement Date	8,316,239.82	128,121.34	8,444,361.16
Total	$ 29,398,455.42	$ 473,356.75	$ 29,871,812.17

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

	RHBF	DIPNC	Total
Differences Between Actual and Expected Experience	$ 142,778.78	$ 83,739.42	$ 226,518.20
Changes of Assumptions	38,877,510.31	25,807.53	38,903,317.84
Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	4,730,412.02	17,096.33	4,747,508.35
Total	$ 43,750,701.11	$ 126,643.28	$ 43,877,344.39

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

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

Year Ending June 30:	RHBF	DIPNC
2025	$ (8,066,173.48)	$ 68,630.36
2026	(10,786,701.41)	42,301.89
2027	(5,830,883.49)	66,161.71
2028	2,015,273.83	22,131.08
2029	(0.96)	10,566.31
Thereafter	-	8,800.78
Total	$ (22,668,485.51)	$ 218,592.13

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

The University is required to maintain all risk coverage on all state-owned buildings and contents through the State Property Fire Insurance Fund (Fund), an internal service fund of the State. Fire and lightning coverage is provided at no cost to the University for operations supported by the State's General Fund. Other operations not supported by the State's General Fund are charged for the fire and lightning coverage. Coverage for all remaining risks for all buildings is charged to the University. Losses covered by the Fund are subject to a $5,000 per occurrence deductible. However, the University has chosen a $10,000 deductible for a reduction in premium.

The University also purchased through the Fund All Risk – Special Form coverage for all University owned buildings and contents which covers windstorm and hail damage, among other risks. The All Risk – Special Form coverage deductible is $10,000 per occurrence. Optional All Risk – Computer/Miscellaneous coverage is purchased for selected University owned business equipment such as high value equipment and computers. All Risk – Computer/Miscellaneous losses are subject to a $10,000 deductible per occurrence. Flood insurance is purchased for the Camp Building Gym which is within a flood zone.

The Corporation and University housing maintained property coverage with a private broker of $145,741,113 and $30,142,750, respectively. Both the Corporation and University housing maintained liability coverage of $1,000,000 per occurrence with a $2,000,000 aggregate limit, and an additional excess liability policy of $10,000,000 per occurrence with a $10,000,000 aggregate limit.

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

2. Public Officers' and Employees' Liability Insurance

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

3. Employee Dishonesty and Computer Fraud

The University, Foundation, and Corporation are protected for losses from employee dishonesty and computer fraud. This coverage is with a private insurance company and is handled by the North Carolina Department of Insurance. The University and its component units are charged a premium by the private insurance company. The coverage limit for the University for employee theft is $5,000,000 per occurrence with a $100,000 deductible. The Foundation's and Corporation's coverage limit is $1,000,000 with a $25,000 deductible. The University is also protected against fraudulently induced transfers with a coverage limit of $5,000,000 and a deductible of $100,000.

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. These coverages provide insurance for medical malpractice, accident coverage for students participating in University athletic events, boiler, machinery and fine art coverage, excess liability, and various other commercial applications. The Corporation retained blanket coverage across several locations in the amount of $14,784,872 to cover potential loss of income due to a necessary suspension of business operations during the period of restoration. These coverages were affected and placed by the North Carolina Department of Insurance through the State's agent of record.

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 were $7,969,254.92 and on other purchases were $2,877,433.86 at June 30, 2024.

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

Note 18 - Blended Component Units

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

Condensed Statement of Net Position
June 30, 2024

	University	WCU Foundation	WCU R&D Corporation	Eliminations	Total
ASSETS					
Current Assets	$ 215,538,135.85	$ 12,754,350.86	$ 3,750,691.78	$ -	$ 232,043,178.49
Capital Assets, Net	692,704,453.41	248,802.19	-	-	692,953,255.60
Other Noncurrent Assets	72,837,456.34	77,724,672.09	5,118,761.45	-	155,680,889.88
Component Unit Receivable from Primary Government	-	-	37,750,790.32	(37,750,790.32)	-
Total Assets	981,080,045.60	90,727,825.14	46,620,243.55	(37,750,790.32)	1,080,677,323.97
TOTAL DEFERRED OUTFLOWS OF RESOURCES	66,839,887.81	-	1,999,676.03	-	68,839,563.84
LIABILITIES					
Current Liabilities	21,938,021.51	39,825.05	2,633,683.42	-	24,611,529.98
Long-Term Liabilities, Net	409,921,140.82	-	40,008,770.03	-	449,929,910.85
Other Noncurrent Liabilities	4,604,730.12	-	-	-	4,604,730.12
Primary Government Payable to Component Unit	37,750,790.32	-	-	(37,750,790.32)	-
Total Liabilities	474,214,682.77	39,825.05	42,642,453.45	(37,750,790.32)	479,146,170.95
TOTAL DEFERRED INFLOWS OF RESOURCES	69,482,455.28	126,381.89	607,217.64	-	70,216,054.81
NET POSITION					
Net Investment in Capital Assets	424,738,137.26	248,802.19	-	-	424,986,939.45
Restricted - Nonexpendable	23,040,440.64	39,019,798.17	-	-	62,060,238.81
Restricted - Expendable	52,822,777.86	49,562,745.62	4,634,117.43	-	107,019,640.91
Unrestricted	3,621,439.60	1,730,272.22	736,131.06	-	6,087,842.88
Total Net Position	$ 504,222,795.36	$ 90,561,618.20	$ 5,370,248.49	$ -	$ 600,154,662.05

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

	University	WCU Foundation	WCU R & D Corporation	Eliminations	Total
OPERATING REVENUES					
Total Operating Revenues	$ 113,275,327.40	$ 10,870.12	$ 925,220.92	$ (761,144.47)	$ 113,450,273.97
OPERATING EXPENSES					
Operating Expenses	274,076,876.63	2,908,183.66	391,011.82	(761,144.47)	276,614,927.64
Depreciation/Amortization	14,993,061.23	4,622.95	-	-	14,997,684.18
Total Operating Expenses	289,069,937.86	2,912,806.61	391,011.82	(761,144.47)	291,612,611.82
Operating Income (Loss)	(175,794,610.46)	(2,901,936.49)	534,209.10	-	(178,162,337.85)
NONOPERATING REVENUES (EXPENSES)					
State Appropriations	164,838,489.74	-	-	-	164,838,489.74
Student Financial Aid	25,275,369.02	-	-	-	25,275,369.02
Noncapital Contributions, Net	3,290,480.08	7,797,919.66	-	-	11,088,399.74
Investment Income (Net of Investment Expense)	14,903,591.61	8,872,359.27	233,286.95	-	24,009,237.83
Interest Earned on Leases	-	-	1,352,751.25	(1,352,751.25)	-
Interest and Fees on Debt	(8,017,473.16)	-	(1,536,053.49)	1,352,751.25	(8,200,775.40)
Other Nonoperating Revenues (Expenses)	(590,878.25)	662.22	-	-	(590,216.03)
Net Nonoperating Revenues	199,699,579.04	16,670,941.15	49,984.71	-	216,420,504.90
Capital Appropriations	3,897,210.00	-	-	-	3,897,210.00
Capital Contributions	460,386.61	24,000.00	-	-	484,386.61
Transfers to University/Athletics	3,049,440.33	(3,049,440.33)	-	-	-
Additions to Endowments	746,219.48	1,911,969.29	-	-	2,658,188.77
Total Other Revenues (Expenses)	8,153,256.42	(1,113,471.04)	-	-	7,039,785.38
Increase in Net Position	32,058,225.00	12,655,533.62	584,193.81	-	45,297,952.43
NET POSITION					
Net Position, July 1, 2023	472,164,570.36	77,906,084.58	4,786,054.68	-	554,856,709.62
Net Position, June 30, 2024	$ 504,222,795.36	$ 90,561,618.20	$ 5,370,248.49	$ -	$ 600,154,662.05

Condensed Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024

	University	WCU Foundation	WCU R&D Corporation	Eliminations	Total
Net Cash Provided (Used) by Operating Activities	$ (163,994,435.92)	$ (2,860,459.86)	$ 21,227.81	$ -	$ (166,833,667.97)
Net Cash Provided by Noncapital Financing Activities	195,828,514.58	4,151,930.33	-	-	199,980,444.91
Net Cash Used by Capital Financing and Related Financing Activities	(16,582,778.15)	-	(4,030,437.46)	(3,798,806.71)	(24,412,022.32)
Net Cash Provided by Investing Activities	2,340,270.88	3,048,007.21	4,032,105.79	3,798,806.71	13,219,190.59
Net Increase in Cash and Cash Equivalents	17,591,571.39	4,339,477.68	22,896.14	-	21,953,945.21
Cash and Cash Equivalents, July 1, 2023	189,846,217.45	7,899,657.55	5,559,875.86	-	203,305,750.86
Cash and Cash Equivalents, June 30, 2024	$ 207,437,788.84	$ 12,239,135.23	$ 5,582,772.00	$ -	$ 225,259,696.07

The condensed combining financial statements include the elimination of capital lease transactions between the University and the Corporation relating to the residence halls built by the Corporation.

Required Supplementary Information

Western Carolina 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 B-1

Teachers' and State Employees' Retirement System	**2024**	**2023**	**2022**	**2021**	**2020**
Proportionate Share Percentage of Collective Net Pension Liability	0.35709%	0.33769%	0.34087%	0.33382%	0.32315%
Proportionate Share of TSERS Collective Net Pension Liability	$ 57,432,162.15	$ 48,192,939.23	$ 15,452,945.41	$ 39,235,025.25	$ 32,601,597.89
Covered Payroll	$ 60,887,094.21	$ 55,181,061.00	$ 53,434,942.76	$ 52,484,354.74	$ 49,336,165.26
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	94.33%	87.34%	28.92%	74.76%	66.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.97%	84.14%	94.86%	85.98%	87.56%

	2019	**2018**	**2017**	**2016**	**2015**
Proportionate Share Percentage of Collective Net Pension Liability	0.31678%	0.31243%	0.30324%	0.29963%	0.29312%
Proportionate Share of TSERS Collective Net Pension Liability	$ 30,655,170.85	$ 24,125,823.71	$ 27,169,225.90	$ 10,775,670.85	$ 3,436,600.00
Covered Payroll	$ 46,741,640.17	$ 45,748,629.96	$ 43,396,253.67	$ 43,031,562.83	$ 42,705,248.19
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	65.58%	52.74%	62.61%	25.04%	8.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.61%	89.51%	87.32%	94.64%	98.24%

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

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

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

Exhibit B-2

Teachers' and State Employees' Retirement System	**2024**	**2023**	**2022**	**2021**	**2020**
Contractually Required Contribution	$ 11,441,023.31	$ 10,582,176.97	$ 9,038,657.79	$ 7,897,684.54	$ 6,807,220.81
Contributions in Relation to the Contractually Determined Contribution	11,441,023.31	10,582,176.97	9,038,657.79	7,897,684.54	6,807,220.81
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 64,858,408.77	$ 60,887,094.21	$ 55,181,061.00	$ 53,434,942.76	$ 52,484,354.74
Contributions as a Percentage of Covered Payroll	17.64%	17.38%	16.38%	14.78%	12.97%

	2019	**2018**	**2017**	**2016**	**2015**
Contractually Required Contribution	$ 6,063,414.71	$ 5,038,748.81	$ 4,565,713.26	$ 3,970,757.21	$ 3,937,388.00
Contributions in Relation to the Contractually Determined Contribution	6,063,414.71	5,038,748.81	4,565,713.26	3,970,757.21	3,937,388.00
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 49,336,165.26	$ 46,741,640.17	$ 45,748,629.96	$ 43,396,253.67	$ 43,031,562.83
Contributions as a Percentage of Covered Payroll	12.29%	10.78%	9.98%	9.15%	9.15%

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

Western Carolina 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, 2024

Changes of Benefit Terms:

Cost of Living Increase

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

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

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

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

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

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

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

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions: An actuarial valuation is performed for each year for the plan. The actuarially determined contribution rates in the Schedule of University Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning 18 months following the date of the valuation results. See Note 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 2023 *Annual Comprehensive Financial Report*.

N/A - Not Applicable

Western Carolina 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 Eight Fiscal Years**

Exhibit B-3
Page 1 of 2

Retiree Health Benefit Fund	**2024**	**2023**	**2022**	**2021**	**2020**
Proportionate Share Percentage of Collective Net OPEB Liability	0.56687%	0.57424%	0.58779%	0.58088%	0.57892%
Proportionate Share of Collective Net OPEB Liability	$ 145,587,736.85	$ 131,119,200.51	$ 175,928,216.76	$ 156,756,961.98	$ 178,250,942.12
Covered Payroll	$ 110,670,889.66	$ 105,475,747.28	$ 100,620,105.87	$ 98,972,289.34	$ 95,681,397.79
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	131.55%	124.31%	174.84%	158.38%	186.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	10.73%	10.58%	7.72%	6.92%	4.40%

	2019	**2018**	**2017**
Proportionate Share Percentage of Collective Net OPEB Liability	0.56171%	0.52031%	0.58611%
Proportionate Share of Collective Net OPEB Liability	$ 155,538,498.67	$ 166,024,534.98	$ 248,150,644.98
Covered Payroll	$ 92,022,328.93	$ 88,250,047.80	$ 84,503,746.43
Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	169.02%	188.13%	293.66%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.40%	3.52%	2.41%

Western Carolina 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 Eight Fiscal Years**

Disability Income Plan of North Carolina	**2024**	**2023**	**2022**	**2021**	**2020**
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	0.58926%	0.58506%	0.58225%	0.59279%	0.58260%
Proportionate Share of Collective Net OPEB Liability (Asset)	$ 151,187.07	$ 167,349.68	$ (92,074.36)	$ (283,684.56)	$ (244,644.17)
Covered Payroll	$ 110,670,889.66	$ 105,475,747.28	$ 100,620,105.87	$ 98,972,289.34	$ 95,681,397.79
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.14%	0.16%	0.09%	0.29%	0.26%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	90.61%	90.34%	105.18%	115.57%	113.00%

	2019	**2018**	**2017**
Proportionate Share Percentage of Collective Net OPEB Liability (Asset)	0.58300%	0.57400%	0.55705%
Proportionate Share of Collective Net OPEB Liability (Asset)	$ (172,129.84)	$ (341,435.42)	$ (336,665.65)
Covered Payroll	$ 92,022,328.93	$ 88,250,047.80	$ 84,503,746.43
Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	0.19%	0.39%	0.40%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	108.47%	116.23%	116.06%

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

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

Western Carolina University
Required Supplementary Information
Schedule of University Contributions
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans

Last Ten Fiscal Years

Retiree Health Benefit Fund	**2024**	**2023**	**2022**	**2021**	**2020**
Contractually Required Contribution	$ 8,316,239.82	$ 7,625,224.30	$ 6,634,424.50	$ 6,721,423.07	$ 6,403,507.12
Contributions in Relation to the Contractually Determined Contribution	8,316,239.82	7,625,224.30	6,634,424.50	6,721,423.07	6,403,507.12
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 116,473,947.06	$ 110,670,889.66	$ 105,475,747.28	$ 100,620,105.87	$ 98,972,289.34
Contributions as a Percentage of Covered Payroll	7.14%	6.89%	6.29%	6.68%	6.47%

	2019	**2018**	**2017**	**2016**	**2015**
Contractually Required Contribution	$ 5,999,223.64	$ 5,567,350.90	$ 5,127,327.78	$ 4,732,209.80	$ 4,543,212.02
Contributions in Relation to the Contractually Determined Contribution	5,999,223.64	5,567,350.90	5,127,327.78	4,732,209.80	4,543,212.02
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 95,681,397.79	$ 92,022,328.93	$ 88,250,047.80	$ 84,503,746.43	$ 82,754,317.30
Contributions as a Percentage of Covered Payroll	6.27%	6.05%	5.81%	5.60%	5.49%

Disability Income Plan of North Carolina	**2024**	**2023**	**2022**	**2021**	**2020**
Contractually Required Contribution	$ 128,121.34	$ 110,670.89	$ 94,928.17	$ 90,558.10	$ 98,972.29
Contributions in Relation to the Contractually Determined Contribution	128,121.34	110,670.89	94,928.17	90,558.10	98,972.29
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 116,473,947.06	$ 110,670,889.66	$ 105,475,747.28	$ 100,620,105.87	$ 98,972,289.34
Contributions as a Percentage of Covered Payroll	0.11%	0.10%	0.09%	0.09%	0.10%

	2019	**2018**	**2017**	**2016**	**2015**
Contractually Required Contribution	$ 133,953.96	$ 128,831.26	$ 336,350.18	$ 346,465.36	$ 339,292.70
Contributions in Relation to the Contractually Determined Contribution	133,953.96	128,831.26	336,350.18	346,465.36	339,292.70
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 95,681,397.79	$ 92,022,328.93	$ 88,250,047.80	$ 84,503,746.43	$ 82,754,317.30
Contributions as a Percentage of Covered Payroll	0.14%	0.14%	0.38%	0.41%	0.41%

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

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

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

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

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

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

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

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

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

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: An actuarial valuation is performed for each plan each year. The actuarially determined contribution rates in the Schedule of University Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning six months preceding the date of the valuation results for the RHBF. The actuarially determined contribution rates in the Schedule of University Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning 18 months following the date of the valuation results for the DIPNC. See Note 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, 2023 for the RHBF, a number of actuarial assumptions were reviewed and updated. The discount rate for the RHBF was updated to 3.65%, from 3.54% as of June 30, 2022. This update was to reflect the Bond Buyer 20-year General Obligation Index as of fiscal year end. Medical and prescription drug claims costs were changed based on most recent experience, and medical and prescription drug trend rates were changed to the current schedule. Enrollment assumptions were updated to model expected migrations among RHBF plan options over the next five years. The expected impact from the Inflation Reduction Act on assumed Medicare Advantage rates was included. The terms of the Pharmacy Benefits Management contract effective January 1, 2023 and the terms of the third party administrator contract effective January 1, 2025 were incorporated in the valuation.

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

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

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

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

Independent Auditor's Report

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Trustees
Western Carolina University
Cullowhee, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Western Carolina 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, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 3, 2024. Our report includes a reference to other auditors who audited the financial statements of Western Carolina University Foundation and Western Carolina University Research and Development Corporation, as described in our report on the University's financial statements. The financial statements of those entities were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with those entities.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Jessica N. Holmes, J.D.

Jessica N. Holmes, J.D.
State Auditor

Raleigh, North Carolina

December 3, 2024

Ordering Information

Copies of this report may be obtained by contacting:

Office of the State Auditor
State of North Carolina
20601 Mail Service Center
Raleigh, North Carolina 27699

Telephone: 919-807-7500
Fax: 919-807-7647
Internet: www.auditor.nc.gov

To report alleged incidents of fraud, waste or abuse in state government contact the Office of the State Auditor's Tipline:

Telephone: 1-800-730-8477

Internet: www.auditor.nc.gov/about-us/state-auditors-tipline

For additional information contact the
North Carolina Office of the State Auditor at:

919-807-7666

This audit required 504 hours at an approximate cost of $78,120.

APPENDIX C

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES

The following is a brief summary of certain provisions of the General Indenture and the Fifth Series Indenture under which the 2025 Bonds are being issued. This summary is not intended to be definitive and is qualified in its entirety by reference to the General Indenture and the Fifth Series Indenture for the complete terms thereof. Copies of those documents are available on request from the office of the Vice Chancellor for Administration and Finance of Western Carolina University.

DEFINITIONS

"Account" or "Fund" means one of the special funds or accounts created and established under the General Indenture.

"Accountant" means the State Auditor or a firm of independent certified public accountants as may be selected by the University and not unacceptable to the Trustee.

"Act" means North Carolina General Statutes Sections 116D-21 *et seq*., as supplemented and amended.

"Authenticating Agent" means the Trustee.

"Authorized Denomination" means $5,000 or any integral multiple thereof.

"Available Funds" means any legally available funds of the University, or of the Board held for the University, in each Fiscal Year, but excluding (1) appropriations by the General Assembly of the State from the State General Fund, (2) tuition payments by University students, (3) funds whose purpose has been restricted by the gift, grant or payee thereof, (4) revenues generated by Special Facilities and (5) funds restricted by law.

"Board" means the Board of Governors of the University of North Carolina.

"Bond" means one of the obligations delivered under the General Indenture, including all Series of Bonds issued under a Series Indenture.

"Bond Counsel" means an attorney or firm of attorneys of favorable reputation in the field of municipal bond law, and not unacceptable to the Trustee.

"Business Day" means any day other than (a) a day on which banking institutions in New York, New York, or in the State or in the cities in which the Trustee or the Paying Agent have their respective designated offices are authorized to close or (b) a day on which the New York Stock Exchange is closed.

"Certificate" means (1) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined under the General Indenture or (2) the report of an accountant as to audit or other procedures called for by the General Indenture.

"Code" means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code will be deemed to include the United States Treasury Regulations proposed or in effect with respect thereto.

"Construction Fund" means the Fund so designated and established under the General Indenture.

"Costs of Construction" means the costs reasonably incurred in connection with any project financed with the proceeds of Bonds, including but not limited to, the costs of (1) acquisition of all property, real or personal, tangible or intangible, and all interests in connection therewith including all rights-of-way and easements therefor, (2) physical construction, installation and testing, including the costs of labor, services, materials, supplies and utility services used in connection therewith, (3) architectural, engineering, legal, financial advisory and other professional services, (4) premiums for insurance policies taken out and maintained during construction, to the extent not paid for by a contractor for construction and installation, (5) any taxes, assessments or other charges which become due during construction, (6) expenses incurred by the Board or on its behalf with its approval in seeking to enforce any remedy against any contractor or sub-contractor in respect of any default under a contract relating to construction, (7) principal of and premium, if any, and interest on any indebtedness of the Board, other than the Bonds, incurred for Costs of Construction, (8) Costs of Issuance, (9) any capitalized interest, (10) miscellaneous expenses incidental thereto and (11) reimbursements of such Cost of Construction properly incurred prior to the issuance of a Series of the Bonds.

"Costs of Issuance" means all items of expense, directly or indirectly payable by or reimbursable to the Board, related to the authorization, sale and issuance of Bonds.

"Debt Service Fund" means the Fund so designated and established by the General Indenture.

"Depositary" means the State Treasurer or any bank or trust company which is a member of the Federal Deposit Insurance Corporation and is selected by the Board as a depositary of money under the provisions of the General Indenture.

"*Electronic Means*" means the following communications methods: e-mail, secure electronic transmission containing applicable authorization codes, passwords or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services under the General Indenture or the Fifth Series Indenture.

"Event of Default" means any of the events specified in the General Indenture as an "Event of Default," together with any other events specified as such in a Series Indenture.

"Federal Securities" means (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged; (b) obligations issued by any agency controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of and interest on which is fully guaranteed as full faith and credit obligations of the United States of America (including any securities described in (a) or (b) issued or held in the name of the Trustee in book entry form on the books of the Department of Treasury of the United States of America), which obligations, in either case, are held in the name of the Trustee and are not subject to redemption or purchase prior to maturity at the option of anyone other than the Owner; (c) any bonds or other obligations of the State or of any agency, instrumentality or local governmental unit of the State which are (i) not callable prior to maturity or (ii) as to which irrevocable instructions have been given to the trustee or escrow agent of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified, and which are rated by Moody's and S&P within the highest rating category and which are secured as to principal, redemption premium, if any, and interest by

a fund consisting only of cash or bonds or other obligations of the character described in clause (a) or (b) hereof which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates under such irrevocable instructions, as appropriate; (d) the interest only portions of obligations issued by the Resolution Funding Corporation; or (e) direct evidences of ownership of proportionate interests in future interest and principal payments on specified obligations described in (a) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in (a), and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated.

"Fiscal Year" means a twelve-month period commencing on the first day of July of any year and ending on the last day of June of the following year, or such other twelve-month period adopted as the Fiscal Year of the Board.

"Fitch Ratings" means Fitch, Inc., its successors and their assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, *"Fitch Ratings"* will refer to any other nationally recognized securities rating agency designated by the Vice Chancellor by written notice to the Trustee.

"General Indenture" means the General Trust Indenture dated as of November 1, 2015 between the Board and the Trustee, as amended or supplemented from time to time.

"Indenture" or *"Fifth Series Indenture"* means Series Indenture, Number 5 dated as of May 1, 2025 between the Board and the Trustee.

"Interest Payment Date" means each April 1 and October 1, beginning October 1, 2025.

"Investment Securities" means, to the extent from time to time permitted by law:

(1) Federal Securities;

(2) direct obligations of, or obligations the principal of and interest on which shall be unconditionally guaranteed by any of the following agencies of the United States government: Federal Farm Credit System, Federal Home Loan Banks, Export-Import Bank of the United States of America, Government National Mortgage Association, Federal National Mortgage Association, Farmer's Home Administration, Federal Home Loan Mortgage Corporation, Federal Housing Administration, or Financing Corporation and all other obligations issued or unconditionally guaranteed by any agency controlled or supervised by and acting as an instrumentality of the United States government under authority granted by the Congress;

(3) bankers acceptances drawn on and accepted by banks (which may include the Paying Agent and the Trustee), or certificates of deposit or commercial paper of banks (which may include the Paying Agent and the Trustee), with a combined capital and surplus aggregating at least $100,000,000 and the unsecured securities of which are currently rated within one of the two highest rating categories (without regard to any gradations by numerical qualifier or otherwise) assigned by S&P or Moody's;

(4) interest-bearing demand or time deposits or certificates of deposit, fully insured by the Federal Deposit Insurance Corporation, of a bank (which may include the Paying Agent and the Trustee) or trust company or, to the extent not so insured, of a bank or trust company (which

may include the Paying Agent and the Trustee), the unsecured securities of which are currently rated within one of the two highest rating categories (without regard to any gradations by numerical qualifier or otherwise) assigned by S&P or Moody's;

(5) interest-bearing notes, issued by a bank (which may include the Paying Agent and the Trustee) or bank holding company and rated within one of the two highest rating categories assigned by S&P or Moody's (without regard to any gradations by numerical qualifier or otherwise) and which bank or bank holding company has a combined capital and surplus aggregating at least $100,000,000;

(6) repurchase agreements, reverse repurchase agreements, or investment agreements with a financial institution (which may include the Paying Agent and the Trustee) (a) with a combined capital and surplus aggregating at least $100,000,000 and the unsecured long term-debt obligations of which are currently rated within one of the two highest rating categories (without regard to any gradations by numerical qualifier or otherwise) assigned by S&P or Moody's, or (b)(i) continuously secured and collateralized by segregated obligations referred to in (1) through (5) above having a market value at least equal at all times to the principal balance collectible pursuant thereto and the accrued interest thereon and (ii) as to which the University receives evidence that a custodian has possession of the collateral, evidence that the collateral is free and clear of any third-party liens or claims and an opinion that the custodian has a perfected security interest in the collateral, any substitutes therefor and all proceeds thereof;

(7) debt securities of any entity whose long-term debt obligations are rated within one of the two highest rating categories assigned by S&P or Moody's, (without regard to any gradations by numerical qualifier or otherwise);

(8) bonds or other obligations, rated within one of the two highest rating categories assigned by S&P or Moody's (without regard to any gradations by numerical qualifier or otherwise), of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state or any unit investment trust investing solely in such bonds or obligations;

(9) commercial paper rated "A-1+" by S&P and "P-1" by Moody's and maturing in not more than 365 days;

(10) money market funds rated in the highest rating category by S&P or Moody's;

(11) the State Treasurer's Short-Term Investment Fund; and

(12) the University Temporary Pool.

"Mail" means by first-class, United States mail, postage prepaid.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation for any reason no longer performs the functions of a securities rating agency, *"Moody's"* will refer to any other nationally recognized securities rating agency designated by the Vice Chancellor by written notice to the Trustee.

"Other Indebtedness" means capital leases, installment financing agreements or other contracts used to provide capital improvements to the University payable from Available Funds but not evidenced by a series of the Bonds.

"Outstanding" means all Bonds which have been authenticated and delivered by the Trustee under the General Indenture, except:

(a) Bonds canceled after purchase in the open market or because of payment (it being understood that a payment to an Owner of the purchase price of a Bond, as prescribed in the related Series Indenture, is not payment of a Bond) at or redemption prior to maturity or on acceleration;

(b) Bonds deemed paid under the General Indenture;

(c) Bonds for the payment of the principal of and interest on which Federal Securities have been set aside; and

(d) Bonds in lieu of which other Bonds have been authenticated under the General Indenture.

"Owner" or *"Bondowner"* means any person in whose name any Outstanding Bond is registered on the books of the Registrar.

"Paying Agent" means The Bank of New York Mellon Trust Company, N.A., or any successor paying agent appointed pursuant to the terms of the General Indenture.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"Principal and Interest Requirements" means, with respect to any particular Fiscal Year, an amount equal to the sum of (1) all interest payable on the Bonds during such Fiscal Year excluding any capitalized interest, plus (2) any Principal Installments of the Bonds during such Fiscal Year.

(a) For purposes of computing *"Principal and Interest Requirements,"* the rate of interest used to determine (1) above will be a rate per annum equal to (A) with respect to Bonds which bear interest at a fixed rate, the rate of interest borne or to be borne by such Bonds, and (B) with respect to Bonds which bear interest at a variable or periodically determined rate of interest, the average of all the interest rates in effect on the Bonds (or as certified by a financial institution or investment banking firm acceptable to the Vice Chancellor which would have been in effect on the Bonds had such Bonds been Outstanding) during the immediately preceding twelve-month period. If the Board or the University has entered into an agreement under which it will receive payments calculated on a notional amount equal to the principal amount of a Series of the Bonds and will make payments calculated on the same notional amount, the interest used to calculate (A) above will be the amount to be paid by the Board or the University, and the amount to be received will be deducted; payments on a variable or periodic basis under such an agreement will be calculated in accordance with clause (B) above.

(b) For purposes of computing *"Principal and Interest Requirements,"* the method used to determine (2) above will be the actual planned Principal Installments, unless any such Principal Installment is payable in a single installment in which case the Principal Installments of such series of Bonds will, in each year, be: (A) for Bonds with a term in excess of one year, the result derived by dividing (i) the outstanding principal amount of such Bonds by (ii) the number of full years in the remaining term of such Bonds, and (B) for notes or other obligations with a term of less than one year which are issued in anticipation of the issuance of Bonds described in

(A) above (the *"Take Out Obligations"*), the result derived by dividing (i) the outstanding principal amount of such notes or other obligations by (ii) the number of full years expected to be in the term of the Take Out Obligation as certified to the Trustee by the Vice Chancellor.

"Principal and Interest Requirements for Other Indebtedness" means, with respect to any particular Fiscal Year, an amount equal to the sum of all payment obligations with respect to Other Indebtedness during such Fiscal Year. If the payment obligation under any Other Indebtedness is stated in terms of principal and interest, such principal and interest will be computed for purposes of this definition in the manner in which the principal of and interest on the Bonds is calculated under the definition of *"Principal and Interest Requirements."*

"Principal and Interest Requirements for Subordinate Indebtedness" means, with respect to any particular Fiscal Year, an amount equal to the sum of (1) all interest payable on Subordinate Indebtedness due during such Fiscal Year, excluding any capitalized interest, plus (2) any principal of the Subordinate Indebtedness during such Fiscal Year. Principal and interest for purposes of this definition will be computed in the manner in which the principal of and interest on the Bonds is calculated under the definition of *"Principal and Interest Requirements."*

"Principal Installment" means, as of any date of calculation, (1) the aggregate principal amount of Outstanding Bonds due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the General Indenture of Sinking Fund Payments payable before such future date, plus (2) any Sinking Fund Payments due on such certain future date, together with the aggregate amount of the premiums, if any, applicable on such Sinking Fund Payments.

"Principal Payment Date" means any date on which a Principal Installment is due and payable.

"Record Date" means each March 15 or September 15 preceding the respective Interest Payment Date.

"Redemption Price" means, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, and accrued interest payable on the redemption thereof.

"Registrar" means The Bank of New York Mellon Trust Company, N.A., or any successor registrar appointed pursuant to the terms of the General Indenture.

"S&P" means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, its successors and their assigns, and, if such entity for any reason no longer performs the functions of a securities rating agency, *"S&P"* will refer to any other nationally recognized securities rating agency designated by the Vice Chancellor by written notice to the Trustee.

"Securities Depository" means The Depository Trust Company, or its successor or assigns or substitute depository.

"Securities Depository Nominee" means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the register maintained by the Registrar the 2025 Bond certificates to be delivered to and immobilized at such Securities Depository (or as otherwise provided in the Fourth Series Indenture) during continuation with such Securities Depository of participation in its book-entry system.

"Series of Bonds" or "Series" means any series of Bonds issued under a Series Indenture.

"Series Indenture" means any indenture or other document supplementing the General Indenture, executed by the Board and effective in accordance with the General Indenture, providing for the issuance of a Series of Bonds.

"Sinking Fund Payment" means, as of any particular date of calculation, the amount required to be paid by the Board on a certain future date for the retirement of Outstanding Bonds which mature after said future date, but does not include any amount payable by the Board by reason of the maturity of a Bond or by call for redemption at the election of the Board.

"Special Facilities" mean facilities financed with obligations issued under authorizing legislation other than the Act , such as University facilities financed for or leased by nongovernmental persons or by the United States Government or its agencies or facilities financed for entities subordinate or related to the University.

"State" means the State of North Carolina.

"State Treasurer" means the Treasurer of the State of North Carolina.

"Subordinate Indebtedness" means debt incurred by or on behalf of the University, the payment of the principal and interest on which is payable from Available Funds after payment of the principal of and interest on the Bonds.

"Supplemental Indenture" means any indenture supplemental to the General Indenture delivered under the General Indenture amending or supplementing the General Indenture.

"Tax Certificate" means the Tax Certificate by the Board and the University related to the 2025 Bonds.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., and any other person at any time substituted in its place as provided in the General Indenture.

"Trust Estate" means all property and rights conveyed by the Board under the Granting Clauses of the General Indenture.

"2025 Bonds" means the Western Carolina University General Revenue Bonds, Series 2025 issued under the General Indenture and the Fifth Series Indenture.

"2025 Project" means the improvement of athletic facilities authorized by Session Law 2023-66 of the 2023 Session Laws of the North Carolina General Assembly and any other projects approved by the Board for financing with special obligation bonds.

"University" means Western Carolina University.

"Vice Chancellor" means (1) the University Vice Chancellor for Administration and Finance or any successor officer performing the functions currently performed by the University Vice Chancellor for Administration and Finance or (2) his or her designee.

GENERAL INDENTURE AND FIFTH SERIES INDENTURE

Available Funds. The 2025 Bonds are payable from Available Funds. Available Funds are not pledged to the Trustee, but rather are the source from which principal and interest on the 2025 Bonds, and any prior Bonds and additional Bonds issued under the General Indenture, will be paid.

Pledge Effected by Indenture. The Trust Estate is pledged under the General Indenture, and the Board grants a security interest therein, to the Trustee for the benefit of Owners, to secure the payment of Bonds in accordance with their terms and the provisions of the General Indenture. The Trust Estate will immediately be subject to the lien of such pledge without any physical delivery thereof or further act and such lien will be valid and binding against all parties having claims of any kind in tort, contract or otherwise, irrespective of whether such parties have notice thereof.

Lien or Charges on Available Funds. The Board will not create or permit to be created any lien or charge on the Available Funds. The Board need not pay or cause to be discharged or make provision for any lien or charge as long as the validity thereof is being contested in good faith by appropriate legal proceedings. Neither the Board nor the University will permit a lien to be placed on the University property, except in connection with the issuance of Other Indebtedness.

Funds and Accounts. The Board establishes and creates the Debt Service Fund and the Construction Fund under the General Indenture, which for administrative convenience may be subdivided by the Vice Chancellor or the Trustee into Accounts with appropriate identification. The Trustee or the Board may also create such other Funds or Accounts as each, in its sole discretion, deem necessary or desirable in the administration of the General Indenture. The Trustee will hold the Debt Service Fund. The University will hold the Construction Fund.

Debt Service Fund. The Board will cause payments to be made to the Trustee from the Available Funds (1) on the Business Day preceding each Interest Payment Date or otherwise as needed, for deposit in the Debt Service Fund, an amount sufficient when added to money then on deposit in the Debt Service Fund allocated to pay interest due with respect to the Bonds to equal the interest then or to become payable on the next Interest Payment Date; and (2) on the Business Day preceding each Principal Payment Date or otherwise as needed, for deposit in the Debt Service Fund, an amount sufficient when added to money then on deposit in the Debt Service Fund allocated to pay principal due with respect to the Bonds to equal the principal then or to become payable on the next Principal Payment Date.

The Trustee will disburse amounts deposited in the Debt Service Fund as follows: (1) on each Interest Payment Date, to the Persons entitled thereto, interest due on such date, (2) subject to the provisions of the General Indenture requiring the application thereof to the payment or redemption of any particular Bond, on each Principal Payment Date, to the Owners, the amounts required for the payment of the Principal Installments due on such date, and (3) on each Redemption Date, to the Owners, the amount required for redemption of Bonds called for redemption.

Construction Fund. The Construction Fund will be applied for any of the following purposes: (1) the payment of Costs of Issuance; (2) the payment of all other Costs of Construction in the manner and subject to the restrictions provided below; and (3) transfer to the Debt Service Fund to make up any deficiency therein in accordance with the priorities established in the General Indenture. The Vice Chancellor will authorize disbursements from the Construction Fund and maintain a record stating by general classification the purpose for which each disbursement is to be made. On the completion of all additions to or betterments, extensions or improvements to, or purchasing and installing new equipment for, capital facilities financed with Bond proceeds, the Vice Chancellor will deliver to the Trustee the balance remaining in the Construction Fund with respect to a Series of Bonds for deposit in the Debt Service Fund and application to the next payment due with respect to the Bonds.

The University will create the "*2025 Account*" in the Construction Fund in which the proceeds of the 2025 Bonds will be deposited. The University will retain in the 2025 Account of the Construction Fund earnings from the investment of money in such account of the Construction Fund and apply such earnings to the Costs of Construction. On completion of the 2025 Projects, any amounts remaining in the Construction Fund from the proceeds of the 2025 Bonds will be expended in accordance with the General Indenture as described above.

No Additional Bonds Under Existing Bond Documentation; Additional Debt. The Board covenants that neither it nor the University will issue: (1) any other obligations under any existing bond resolution, trust indenture or other financing document which authorizes the issuance of debt obligations secured by revenues or net revenues from any University enterprise; (2) any other Bonds, except on the conditions and in the manner provided in the General Indenture; (3) any other obligations payable from Available Funds, unless (A) such obligations constitute Subordinate Indebtedness or Other Indebtedness; or (B) (i) such obligations are payable on a parity basis with the Bonds and (ii) the largest of the sums obtained for any Fiscal Year after totaling for each Fiscal Year the Principal and Interest Requirements on Other Indebtedness, the Principal and Interest Requirements on Subordinate Indebtedness and the Principal and Interest Requirements on parity obligations other than the Bonds (including the additional obligations to be issued), calculated in the manner that the Principal and Interest Requirements on the Bonds are calculated, does not exceed 10% of Available Funds in the most recent Fiscal Year for which audited financial statements of the University are available; or (4) any obligations other than those described in clauses (1), (2) or (3), unless they are payable from a source other than Available Funds.

Investments. The Vice Chancellor will direct the Trustee in writing to invest all money held under the General Indenture in Investment Securities. The Trustee will deposit earnings from investment of money in the Debt Service Fund immediately on receipt thereof into the Debt Service Fund. The Board will cause earnings from the investment of money in the Construction Fund to be retained in the Construction Fund and applied to the Costs of Construction. The Trustee shall conclusively rely on the Vice Chancellor's written instructions as to both the suitability and legality of all investments directed. Ratings of investments are to be determined at the time of purchase of such investments and without regard to ratings subcategories. The Trustee has no responsibility to monitor the ratings of investments after the initial purchase of such investments. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries and may charge its ordinary and customary fees for such trades. In the absence of written investment instructions from the Vice Chancellor, the Trustee is not responsible or liable for keeping the money held by it under the General Indenture fully invested. The Trustee is not liable for any losses from any directed investments.

Accounts and Reports. The Board will file, or cause to be filed, with the Trustee on the Trustee's request, a copy of an audited annual financial report of the University conforming to then-existing generally accepted accounting principles, as soon as it is available after the close of each Fiscal Year. The Trustee will make a copy of the financial statements available to any Owner of a Bond on written request therefor at the Board's expense. The Board will comply with the information reporting requirements of the Securities and Exchange Commission or the Municipal Securities Rulemaking Board with respect to governmental obligations such as the Bonds from time to time in effect.

Insurance; Condemnation. The Board will carry or cause to be carried insurance at the University with a reputable insurance carrier or carriers, such as is maintained or carried by comparable institutions of higher education including, to the extent that the University is not or ceases to be fully protected by the State against losses covered by such insurance, public liability insurance against loss or damage by fire, explosion, hurricane, flood, cyclone, occupancy or other hazards and risks, and said property loss and damage insurance will at all times be in an amount sufficient to indemnify in amounts sufficient to repair the affected capital asset for loss, to the extent that such insurance is obtainable.

Capital Facilities. The Board will complete any facilities financed with the proceeds of the Bonds or cause them to be completed in accordance with plans and specifications approved by a registered professional engineer and in an economical and efficient manner with all practicable dispatch and will maintain or cause to be maintained its capital facilities in good condition and will continuously operate or cause to be operated the same in an efficient manner and at a reasonable cost.

The Board covenants that it will not sell or otherwise dispose of any capital facilities financed with proceeds of a series of the Bonds unless there is filed with the Board, before any such sale, disposition or removal, an opinion of Bond Counsel that such sale, disposition or removal is permitted by the General Indenture and that the interest on the Bonds will not be includable in the gross income of the Owners thereof for federal income tax purposes as a result of such sale, disposition or removal. The Board may also sell or otherwise dispose of any furniture, fixtures, apparatus, tools, instruments or other movable property acquired for or in connection with the capital facilities financed with the proceeds of a series of the Bonds or any materials in connection therewith, if the Board determines that such articles are no longer needed or no longer useful in connection with the construction of or any improvements or the operation and maintenance of the University capital facilities. The proceeds of any sale or other disposition made under the authority of the General Indenture shall, in accordance with the written directions of the Vice Chancellor, either be deposited to the credit of the Debt Service Fund or applied to the replacement of any facilities or property so sold or disposed of.

Supplemental Indentures.

-- *Without the Consent of Owners.* For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture of the Board may be executed and delivered, which, on the execution by the Trustee, will be fully effective in accordance with its terms: (a) to close the General Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the General Indenture on, the delivery of Bonds or the issuance of other evidences of indebtedness; (b) to add to the covenants and agreements of and the limitations and restrictions on the Board in the General Indenture other covenants and agreements or limitations and restrictions to be observed by the Board which are not contrary to or inconsistent with the General Indenture as theretofore in effect; (c) to surrender any right, power or privilege reserved to or conferred on the Board by the terms of the General Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Board contained in the General Indenture; (d) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the General Indenture of the Trust Estate, including any revenues or assets; and (e) to modify any of the provisions of the General Indenture in any respect whatsoever; provided that any changes do not, in the opinion of Bond Counsel, adversely affect the interests of the Owners of the Bonds. A modification may be stated to be effective only after all Bonds Outstanding at the date of the adoption of such Supplemental Indenture cease to be Outstanding and any Supplemental Indenture will be specifically referred to in the text of all Bonds delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof

-- *With the Consent of Owners.* Exclusive of Supplemental Indentures covered under *"--Without the Consent of Owners"* above, the written consent of the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding, will be required for the execution by the Board and the Trustee of any indenture or indentures supplemental to the General Indenture; provided, however, that without the consent of the Owners of all the Bonds Outstanding nothing in the General Indenture will permit, or be construed as permitting: (a) a change in the terms of redemption or maturity of the principal amount of or the interest on any Outstanding Bond, or a reduction in the principal amount of or premium payable on any redemption of any Outstanding Bond or the rate of interest thereon; (b) the deprivation of the Owner of any Bond Outstanding of the lien created by the General Indenture (other than as originally permitted thereby); (c) a privilege or priority of any Bond over any other Bond; or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture.

Events of Default; Remedies. The following are *"Events of Default"* under the General Indenture: (a) a failure to pay the principal of or premium, if any, on any Bond when the same becomes due and payable, whether at the stated maturity thereof or on proceedings for redemption including sinking fund redemptions; (b) a failure to pay any installment of interest when the same becomes due and payable; and (c) a failure by the Board to observe and perform any covenant, condition, agreement or provision (other than as described in subsections (a) and (b) above) contained in the Bonds or in the General Indenture on the part of the Board to be observed or performed, which failure continues for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, has been given to the Board by the Trustee, which may give such notice in its discretion and must give such notice at the written request of Owners of not less than 25% of principal amount of the Bonds, unless such failure cannot reasonably be cured within such 30-day period and the Board is diligently pursuing appropriate corrective.

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, whereupon they will, without further action, become due and payable, anything in the General Indenture or in the Bonds to the contrary notwithstanding.

The provisions of the preceding paragraph are subject to the condition that if, after the principal of any of the Bonds has been so declared to be due and payable, and before any judgment or decree for the payment of the money due has been obtained or entered as hereinafter provided, the Board causes to be deposited with the Trustee a sum sufficient to pay all matured installments of the principal of and interest on all Bonds which will have become due otherwise than by reason of such declaration (with interest on such overdue installments of interest, at the rate per annum borne by the respective Bonds) and such amount as is sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default other than nonpayment of the principal of the Bonds which have become due by said declaration have been remedied, then, in every such case, such Event of Default will be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee will promptly give written notice of such waiver, rescission or annulment to the Board and will give notice thereof by Mail to all Owners; but no such waiver, rescission and annulment will extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

On the occurrence and continuance of any Event of Default, the Trustee in its discretion may, and on the written direction of Owners of not less than a majority in principal amount of the Bonds and receipt of indemnity to its satisfaction, must, in its own name and as the trustee of an express trust: (i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, and require the Board to carry out any agreements with or for the benefit of the Owners and to perform its duties under the General Indenture; and (ii) take whatever action at law or in equity may appear necessary or desirable to enforce its rights against the Board.

No right or remedy is intended to be exclusive of any other rights or remedies, but each and every such right or remedy will be cumulative and in addition to any other remedy given under the General Indenture or now or hereafter existing at law or in equity or by statute. If any Event of Default has occurred and if requested by the Owners of a majority in aggregate principal amount of Bonds and indemnified as provided in the General Indenture, the Trustee will be obligated to exercise such one or more of the rights and powers conferred by the General Indenture as the Trustee, being advised by counsel, deems most expedient in the interests of the Owners. When the Trustee incurs costs or expenses (including legal fees, costs and expenses) or renders services after the occurrence of an Event of Default, such costs and expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Anything in the General Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds will have the right, at any time, to the extent permitted by law, by instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the General Indenture, or for the appointment of a receiver, and any other proceedings thereunder; provided that such direction may not be otherwise than in accordance with the provisions of the General Indenture. The Trustee will not be required to act on any direction given to it until the indemnity described in the General Indenture is furnished to it by such Owners.

No Owner will have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the General Indenture, for the protection or enforcement of any right under the General Indenture unless such Owner has given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the Owners of not less than 25% in principal amount of the Bonds have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, has accrued, and has afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the General Indenture or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there has been offered to the Trustee indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee has refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are, at the option of the Trustee, conditions precedent to the execution of the powers under the General Indenture or for any other remedy under the General Indenture or by law. No one or more Owners will have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the General Indenture, or to enforce any right under the General Indenture or under law with respect to the Bonds or the General Indenture, except in the manner provided in the General Indenture, and that all proceedings at law or in equity must be instituted, had and maintained in the manner provided in the General Indenture and for the benefit of all Owners. Nothing contained above will affect or impair the right of any Owner to enforce the payment of the principal of and interest on its Bonds at the time and place expressed in said Bond.

Each Owner by its acceptance of a Bond will be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under the General Indenture or any Series Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable pre-trial, trial and appellate attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant. The provisions of this paragraph will not apply to any suit instituted by the Trustee, to any suit instituted by Owners of at least 25% in principal amount of the Bonds, or to any suit instituted by any Owner for the enforcement of the payment of any Bond on or after the respective due date thereof expressed in such Bond.

The Trustee will give to the Owners notice of each Event of Default under the General Indenture known to the Trustee within 90 days after actual knowledge of the occurrence thereof, unless such Event of Default has been remedied or cured before the giving of such notice; provided that, except in the case of default in the payment of the principal or Redemption Price of or interest on any of the Bonds, or in the making of any payment required to be made into the Debt Service Fund, notice will be given immediately after its occurrence. Each such notice of an Event of Default will be given by the Trustee by mailing written notice thereof (i) to all Owners appearing on the registration books maintained by the Registrar and (ii) to such other persons as is required by law.

Defeasance. If the Board pays or causes to be paid or is deemed to have paid to the Owner of any Bond the principal of and interest due and payable, and thereafter to become due and payable on such Bond, or any portion of such Bond in any integral multiple of the Authorized Denomination thereof, such Bond or portion thereof will cease to be entitled to any lien, benefit or security under the General Indenture. If the Board pays or causes to be paid the principal of, premium, if any, and interest due and payable on all Outstanding Bonds, pays or causes to be paid all other sums payable by the Board, including all fees, expenses and other amounts payable to the Trustee and any Paying Agent, then the right, title and interest of the Trustee in and to the Trust Estate will then cease, terminate and become void.

Any Bond will be deemed to be paid within the meaning of this section and for all purposes of the General Indenture when (a) payment of the principal of such Bond plus interest thereon to the due date thereof (whether such due date is by reason of maturity or redemption) either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided for by irrevocably depositing with the Trustee in trust and irrevocably set aside exclusively for such payment, (1) money, sufficient to make such payment or (2) non-callable Federal Securities maturing as to principal and interest in such amount and at such time as will insure the availability of sufficient money to make such payment, and (b) all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agent pertaining to the Bonds with respect to which such deposit is made have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond is deemed to be paid under the General Indenture, as aforesaid, such Bond will no longer be secured by or entitled to the benefits of the General Indenture, except for the purposes of any such payment from such money or Federal Securities.

Amendments. As long as the 2025 Bonds are Outstanding, the General Indenture and the Fifth Series Indenture and the rights and obligations of the Board and the Owners of the 2025 Bonds may be modified or amended at the same times, in the same manner and for the same purposes as set forth in the General Indenture. If such modification or amendment to the General Indenture or the Fifth Series Indenture affects only the 2025 Bonds, the percentage of Owners required to consent to the modification or amendment described in the General Indenture will be applied only to the Outstanding 2025 Bonds.

Before the Board and the Trustee enter into any Supplemental Indenture, there must have been delivered to the Trustee and the Board an opinion of Bond Counsel stating that such supplemental indenture is authorized or permitted by the General Indenture and the Fifth Series Indenture, complies with the terms hereof, will, on the execution and delivery thereof, be valid and binding on the Board in accordance with its terms and to the extent applicable will not adversely affect the exclusion from the gross income of the receipts thereof of interest on the 2025 Bonds for federal income tax purposes.

Notwithstanding anything in the General Indenture or the Fifth Series Indenture to the contrary, (1) any initial purchaser, underwriter or remarketing agent holding any 2025 Bonds or another Series of Bonds issued after the issuance of 2025 Bonds may, regardless of its intent to sell or distribute such Bonds in the future, consent as the Owner of such Bonds to any amendment or supplemental indenture as required or permitted by the Fifth Series Indenture and the General Indenture, including any amendment or supplemental indenture that adversely affects the interests of other Owners, and (2) any such holder providing its consent is not entitled to receive, nor is the Board or the University required to provide, any prior notice or other documentation regarding such amendment or supplemental indenture.

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

Parker Poe

May __, 2025

The Board of Governors of
the University of North Carolina
Chapel Hill, North Carolina

The Bank of New York Mellon Trust Company, N.A.
Jacksonville, Florida

$__________
Western Carolina University
General Revenue Bonds, Series 2025

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Board of Governors of the University of North Carolina, a body politic and corporate under the name of "*The University of North Carolina*" (the "*Board*"), of Western Carolina University General Revenue Bonds, Series 2025 in the aggregate principal amount of $__________ (the "*2025 Bonds*"). We have examined certified copies of the proceedings of the Board in authorizing the issuance of the 2025 Bonds, including the General Trust Indenture dated as of November 1, 2015 (the "*General Indenture*") and Series Indenture, Number 5 dated as of May 1, 2025 (the "*Fifth Series Indenture*" and collectively with the General Indenture, the "*Indentures*"), each between the Board and The Bank of New York Mellon Trust Company, N.A., as trustee (the "*Trustee*"), and other proofs submitted relative to the issuance of the 2025 Bonds.

The 2025 Bonds are being issued to provide funds to (1) pay the costs of the improvement of athletic facilities authorized by Session Law 2023-66 of the 2023 Session Laws of the North Carolina General Assembly and (2) pay the costs incurred in connection with the issuance of the 2025 Bonds. We have examined such laws, documents, instruments, proceedings and opinions as we have deemed relevant in rendering the opinions hereinafter expressed. Capitalized terms used as defined terms herein and not otherwise defined herein have the meaning assigned to such terms in the Indentures.

On the basis of the foregoing, we are of the opinion, under existing law, that:

1. The Indentures have been duly and lawfully authorized, executed and delivered by the Board and, assuming due authorization and execution by the Trustee, are in full force and effect. The General Indenture creates a valid lien on the Trust Estate for the purposes and on the conditions permitted by the General Indenture.

2. The 2025 Bonds have been duly and validly authorized and issued under the General Indenture and under the provisions of the Constitution and laws of the State of North Carolina (the "*State*"), including Sections 116D-21 *et seq.* of the General Statutes of North Carolina, as amended, for the purposes set forth above.

3. The 2025 Bonds are issuable only as fully registered bonds and will be numbered, will bear interest at the times and will be subject to redemption, all as provided in the Indentures. The 2025 Bonds

will be parity obligations under the General Indenture with Bonds Outstanding and any additional obligations of the Board issued on a parity basis with the Bonds in accordance with the General Indenture.

4.. The 2025 Bonds are valid and binding special obligations of the Board payable solely from Available Funds as described in the General Indenture. The 2025 Bonds do not constitute a debt or liability of the State or any political subdivision of the State or a pledge of the faith and credit of the State or of any political subdivision of the State. The issuance of the 2025 Bonds does not directly or indirectly or contingently obligate the State or any political subdivision of the State to levy or to pledge any taxes for the 2025 Bonds.

5. Interest on the 2025 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal individual alternative minimum tax, however, such interest on the 2025 Bonds is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "*Code*")) for the purpose of computing the alternative minimum tax imposed on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Board and the University comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2025 Bonds in order that the interest on the 2025 Bonds be, or continue to be, excludable from gross income for federal income tax purposes. The Board and the University have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the interest on the 2025 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2025 Bonds. We express no opinion regarding other federal tax consequences related to the ownership of or the receipt, accrual or amount of interest on, the 2025 Bonds.

6. Interest on the 2025 Bonds is exempt from State of North Carolina income taxation.

The rights of the owners of the 2025 Bonds and the enforceability of the 2025 Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally or by equitable principles, whether considered at law or in equity.

Our services as bond counsel in connection with the issuance of the 2025 Bonds have been limited to rendering the opinions expressed above based on our review of such proceedings and documents as we deem necessary to approve the validity of the 2025 Bonds and the tax status of the interest on the 2025 Bonds. In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certifications, documents, opinions and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing on such public records and certifications, documents, opinions and other proceedings.

We express no opinion herein as to the adequacy, accuracy or completeness of the Preliminary Official Statement or the Official Statement, or any other offering material relating to the 2025 Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating to the financial resources of the Board and the University, or the ability of the Board and the University to make the payments required under the Indenture, that may have been relied upon by anyone in making the decision to purchase 2025 Bonds.

The opinions expressed above are given as of the date hereof, and we assume no obligation to revise or supplement such opinions to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

PARKER POE ADAMS & BERNSTEIN LLP

APPENDIX E

BOOK ENTRY-ONLY SYSTEM

APPENDIX E

INFORMATION CONCERNING THE BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), Brooklyn, New York, will act as securities depository for the 2025 Bonds. The 2025 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2025 Bond will be issued for each maturity of the 2025 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2025 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2025 Bonds, except in the event that use of the book-entry system for the 2025 Bonds is discontinued.

To facilitate subsequent transfers, all 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2025 Bonds documents. For example, Beneficial Owners of 2025 Bonds may wish to ascertain that the nominee holding the 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2025 Bonds within an maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the 2025 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Board or the Trustee, on each payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Board or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of redemption proceeds, principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2025 Bonds at any time by giving reasonable notice to the Board and the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2025 Bond certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2025 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

NEITHER THE BOARD NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY

AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2025 BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OF THE 2025 BONDS UNDER THE TERMS OF THE INDENTURES; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE 2025 BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC.

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Western Carolina UNIVERSITY