
**BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY
FEBRUARY 21-22, 2019**

THURSDAY, FEBRUARY 21, 2019

Meters will be bagged at the Alumni Memorial Bell Tower

- | | |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10:15-11:30 a.m. | Buildings and Property Committee
Winslow Hall Conference Room
Chip Andrews, Chair
Kelly, Murphy, Poole, Washington, Weisiger |
| 1:15 – 3:00 p.m. | Advancement and External Affairs
Chancellor's Conference Room, 12 Holladay Hall
Stan Kelly, Chair
Andrews, Murphy, Poole, Washington, Weisiger |
| 1:15 – 3:00 p.m. | University Affairs Committee
Winslow Hall Conference Room
Ann Goodnight, Chair
Cabaniss, Errico, Harrell, Prestage, Ward |
| 3:00 – 3:15 p.m. | Break |
| 3:15 – 5:00 p.m. | Audit, Risk Management and Finance Committee
Winslow Hall Conference Room
Tom Cabaniss, Chair
Errico, Goodnight, Harrell, Prestage, Ward |

**BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY
FRIDAY, FEBRUARY 21-22, 2019**

AGENDA

FRIDAY, FEBRUARY 22, 2019

Dorothy and Roy Park Alumni Building

7:30 – 8:00 a.m. Executive Committee Meeting TAB 10
Jimmy Clark, Chair; Andrews, Cabaniss, Goodnight, Kelly
Eury Room

8:00 – 8:30 a.m. Continental Breakfast
Chancellor's Reception Room

8:30 – 9:15 a.m. Dean's Briefing
Jeff Braden, Dean
College of Humanities and Social Sciences

FULL BOARD MEETING

9:00 a.m. ■ Call to Order and Ethics Statement
Jimmy Clark, Chair of the Board

■ Roll Call

■ Approval of Minutes TAB 1
✓ — November 16, 2018 Meeting of the Full Board
✓ — November 16, 2018 Closed Session of Full Board

■ Chair's Report TAB 2
Chair Jimmy Clark
— Oath of Office
— Endowment Board February 21 Meeting Report
— Nominating Committee
— Update of Activities and Topics of Interest to the Board

■ Chancellor's Report TAB 3
Chancellor Randy Woodson

COMMITTEE REPORTS:

■ Audit, Risk Management and Finance Committee TAB 4
Tom Cabaniss, Chair
On the Agenda: Informational Reports
— Internal Audit Update
— Legislative, Budget and Finance Update
— Annual Report on Endowment and Investments
— Intercollegiate Athletics Financial and Budget Review
— Enterprise Risk Management and Compliance Update
— IT Security Update

✓ Requires full board approval.

■ Buildings and Property Committee

TAB 5

Chip Andrews, Chair

On the Agenda: Board, Committee Approvals;
Informational Reports

— Property Matters

- Acquisition by Easement: The State of NC on behalf of NC State University is requesting an easement from Small & Small, LLC for the installation of telecom services to the G. Milton Small Office building.
- Disposition by Easement: The US Dept. of Agriculture Services has a ground lease with the state of North Carolina at 3908 Inwood Road, Raleigh, NC they have requested an upgrade to their cable services due to this location serving as the State Climate Office Weather Station.
- Disposition by Easement: The Public Service Company of North Carolina has requested the conveyance of an easement to relocate a gas regulatory station and meter adjacent to Monteith Engineering Research Center.
- Disposition by easement. The City of Raleigh has requested an Easement for the installation of a bus shelter along the southern existing right of way of Hillsborough St., adjacent to Scott Hall in Raleigh, NC.
- Acquisition by License: The State of North Carolina on behalf of NC State University is requesting a perpetual license from Norfolk Southern Railway Company to install, maintain and operate storm water facilities under, along and across the railroad right of way at or near Dan Allen Drive, in Raleigh, Wake County NC. The proposed project is part of a joint utility project with the City of Raleigh and Landmark Properties, Inc. for installation of storm and sanitary sewer lines.
- Acquisition by Lease: NC State University, on behalf of the Division of Academic and Student Affairs, whose existing lease expires on May 10, 2019, requests a short-term lease from University Towers Operating Partnership, to be used for overflow residential housing for the 2019-2020 academic year.
- ✓ — Acquisition by Lease: NC State University, on behalf of the NSF Center for Integrated Pest Management whose Existing lease expires on October 31, 2019.

— Designer and Design-Build Selections

- Americans with Disabilities Act (AD) Transition Plan Update 2019

- Approval of designer selections less than \$1M

— Acceptance of Completed Buildings and Projects

— Site and Plan Approval

- Academic Success Center in DH Hill Library

- DH Hill North Exterior Site Improvements

- Bureau of Mines Renovation

- Approval of Plans and Specifications of formal projects less than \$2M

— Informational Reports

- Capital Projects Update

- Status of Projects in Planning

- Real Estate Presentation on the Innovation District

✓ Requires full board approval.

■ **University Advancement and External Affairs Committee TAB 6**

Stan Kelly, Chair

On the Agenda: Board, Committee Approvals; Informational Reports

— Informational Reports

— University Advancement Update

— Fundraising and Campaign Report

— Advancement Five-Year Roadmap

— Day of Giving Overview

— Naming Opportunity Proposal – Bureau of Mines

— Naming Opportunity Proposal – Craft Center, Frank Thompson Hall

— **Closed Session**

■ **University Affairs Committee**

TAB 7

Ann Goodnight, Chair

On the Agenda: Board, Committee Approvals;

Informational Items and Closed Session

— Consent Agenda

✓ — Revisions to Policy 05.15.03: Non-Salary and Deferred Compensation

— Informational Reports

— Annual Report on Intercollegiate Athletics

— Graduation Report

— Student Body President Report

— Provost Update

— Topic of Interest / Committee Discussion

— Complementing the Tenure Track: Professional Faculty at NC State

✓ — **Closed Session**

■ **Chair of the Faculty Report**

TAB 8

Carolyn Bird, Chair

■ **Chair of the Staff Senate Report**

TAB 9

Jason Painter, Chair

■ **Items of Interest to Members of the Board**

■ **Motion To Go into Closed Session**

■ **CLOSED SESSION**

■ **Reconvene in OPEN SESSION for Any Additional Items to Come Before the Board**

■ **Adjourn**

Board of Trustees
North Carolina State University
Raleigh, North Carolina
November 16, 2018

The North Carolina State University Board of Trustees met in regular session in the Hood Board Room of the Dorothy and Roy Park Alumni Center on Centennial Campus, in Raleigh, NC, on Friday, November 16, 2018.

Members present:

Jimmy D. Clark, Chair
Robert F. Andrews III
Thomas E. Cabaniss
James A. Harrell, III
Stanhope A. Kelly
Wendell H. Murphy
Ronald W. Prestage, DVM
Susan P. Ward
Jess Errico, *ex officio*

Chair Jimmy Clark called the meeting to order at 9:30 a.m. He reminded all members of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act and inquired as to whether there were any known conflicts of interest or appearances of conflict with respect to any matters coming before the board at this meeting. Chair Clark called on Assistant Secretary PJ Teal for the roll call.

ROLL CALL

Assistant Secretary PJ Teal called roll and certified that a quorum was present.

MINUTES

Mr. Cabaniss made the motion, seconded by Mrs. Ward, to approve the open and closed session minutes of the September 22, 2018 and the open and closed minutes of special meetings held on October 29, 2018, October 31, 2018, and November 6, 2018 of the full board. The motion passed.

CHAIR'S REPORT- JIMMY CLARK

Chair Clark called upon NC State's Board of Governor's Liaison, Randy Ramsey, for an update on BOG activities.

Chair Clark reported that NC State Red and White Week was a great success, and he was happy to be able to attend a number of events during the week. He thanked everyone for their participation in these events and the amazing work they did to make them possible.

Chair Clark noted that he met the newest Board of Visitors members, which were appointed by the Chancellor. The new members are: John Barnes, Marcus Belvin, Cristina Fernandez Pierce, Jim Hansen, Wesley Horne, Frank Rackley, Cathy Sigal, and Kimberly Wicker.

Chair Clark reported that NC State will celebrate its Fall Graduation, which will be held on Wednesday, December 19.

CHANCELLOR'S REPORT – RANDY WOODSON

Chancellor Woodson thanked Trustee Tom Cabaniss for helping with the Vice Chancellor for General Counsel Search. He also thanked the Alumni Association and students for elevating Red and White Week as well as homecoming.

Chancellor Woodson then recapped Red and White Week beginning with the naming of Holmes Hall, formerly the University College Commons on Cates Avenue, honoring Mr. Irwin R. Holmes, Jr. who was NC State's first African American undergraduate. He was also the first African American student athlete to compete in the ACC. Holmes went on to become first African American student athlete in the ACC to win varsity letter and first to serve as captain of an ACC varsity squad when he was chosen as co-captain of Wolfpack's 1960 tennis team.

Also announced was the naming of the Wilson College of Textiles at the Fall Address. Mr. Fred Wilson and his family have committed \$28 million to the College of Textiles, a gift that represents an extraordinary moment in Wolfpack history. This will ensure NC State and North Carolina remain the home of the United States textiles industry for generations to come.

Chancellor Woodson gave an overview of rankings. He stated that NC State has received outstanding recognition recently. For the first time in the university's history, NC State's College of Education was ranked #92 in the top 100 for the Times Higher Education (THE) World University Rankings. Additionally, the Princeton Review's latest ranking of top 25 online MBA programs ranked NC State's Poole College of Management's Jenkins MBA program No. 9, which is 47th in the nation and 25th for public institutions.

Chancellor Woodson then reported that Walt Wolfram won a James E. Holshouser Jr. Award for Excellence in Public Service from the Board of Governors. This award was created to encourage, identify, recognize, and reward public service by faculty of the University of North Carolina system.

Chancellor Woodson gave an athletics update beginning with announcing that twelve NC State swimmers and divers earned spots on the ACC roster for the inaugural ACC/Big Ten Challenge. They are part of the 84 swimmers and 20 divers from across the conference's 12 programs who will represent the ACC at the inter-conference meet.

He noted that the NC State Men and Women's Cross Country teams had outstanding finishes in the ACC Championships. The men's team finished third while the women's team came in first for the third year in a row. For the woman's team, this is the 24th ACC Championship title and the men have been ranked in top three for 28 of the last 30 conference meets. NC State athletes are not just succeeding on fields and courts. They achieved a cumulative GPA of 3.0 for the first time in school history. Seventy-six student-athletes completed a semester last year with a 4.0 GPA.

Chancellor Woodson stated that five-year reviews are conducted for all of our Vice Chancellor's at NC State as part of the University's policies. The five-year review for Vice Chancellor for Information Technology Marc Hoit will be this fall, followed by Vice Chancellor of Advancement Brian Sischo in the spring. The Board will be receiving an email later this month asking for participation in a survey.

COMMITTEE REPORTS

AUDIT, RISK MANAGEMENT AND FINANCE COMMITTEE – CHAIR TOM CABANISS

Mr. Cabaniss reported that the Committee heard a report on the University's financial performance and highlights for FY2018. The net position of the University increased to \$444.6 million, up \$95.5 million from fiscal 2017. Fiscal 2017's net position was substantially reduced by required accounting for other post-employment benefits liabilities (OPEBs) and increased pension expenses, but financial operations were healthy. For fiscal 2018, a 3.7% increase in total revenues was offset by smaller increases in operating expenses, and net operating income was \$53.3 million.

Mr. Cabaniss stated that the Committee heard from State Auditor Beth Wood as she discussed the process and reported on the audit engagement for fiscal 2018. NC State received an unmodified audit opinion, and reported no deficiencies in internal controls. He highlighted the significance of there being no reportable findings.

Mr. Cabaniss reported that the Committee heard an update on Internal Audit activities since the last meeting and he noted that there was a good discussion on the investigation process. The Committee also heard a report on legislative activities, primarily the results of the recent election.

Mr. Cabaniss stated that the Committee received an update about the impact of enrollment funding changes on this fiscal year's budget and Board of Governor's priorities for the 2019-2021 biennium.

The Committee also learned about requested tuition and fee increases for Fiscal 2019-2020. He noted that there is no planned increase in tuition for resident undergraduate students and no increases in mandatory fees for all undergraduates.

Mr. Cabaniss stated that the Committee heard an update on Hurricane Florence Relief. The Legislature appropriated \$30 million from the statewide Hurricane Florence Recovery Fund to the Board of Governors. The allocation was directed to the three campuses that sustained the greatest hurricane damage: UNC-Wilmington; Fayetteville State University; and UNC-Pembroke.

Mr. Cabaniss reported that the Committee heard an update on financial results for the first quarter of the current fiscal year 2019, as well as upcoming accounting changes. The Committee also received a report on the Clery Act and an overview on campus safety, violence prevention and threat management. He noted that the Clery Report is published yearly and posted to the University website. The campus safety report included information on a number of areas including campus demographics, the Security Master Plan, the University Police department, violence prevention and threat management.

BUILDINGS AND PROPERTY COMMITTEE - CHAIR CHIP ANDREWS

Mr. Andrews reported that the Buildings and Property Committee reviewed and approved six property matters for committee approval and three property matter that requires full board approval. They are:

- Disposition by Lease: To Mann + Hummel for + 8,000 rental square feet at Partners I on Centennial Campus. Disposition is recommended for continued partnership with the University and contribution to the Innovation Ecosystem on Centennial Campus.
- Disposition by Lease to Industrial Heat for + 9,000 rental square feet of office and high-bay space at Research IV on Centennial Campus. Disposition is recommended for partnership with the University and contribution to the Innovation Ecosystem on Centennial Campus. Trustee Ed Weisiger, Jr. recused himself from this discussion because of a potential conflict of interest.
- Acquisition by Lease for North Carolina State University, College of Education, Department of Educational Leadership, Policy and Human Development, of office and conference space to accommodate growth in staff and research as a result of continued funding of the Envisioning Excellence for Community College Leadership Grant, which is funded by the John M. Belk Endowment. Strategically located, off-campus space will be used to continue the mission of the Grant to develop a leadership pipeline of future community college leaders and reorient current community college leaders around the student success agenda.

Mr. Andrews made a motion, seconded by Dr. Prestage, to approve the three property matters. The motion passed.

Chair Andrews reported that the Committee accepted six building projects at a combined value of \$2,467,108, which included Carter-Finley South End Video Board Replacement and Poe Hall for first floor workshops. The Committee also approved the site selection and design plans for Alpha Delta Pi House that will be constructed in Greek Village, and the Lake Wheeler Road Creamery Cafe, that will be constructed at the Lake Wheeler site. Additionally, the Committee approved six plans and specifications of formal projects costing less than \$2 million and they received updates for capital projects and projects in planning.

UNIVERSITY ADVANCEMENT AND EXTERNAL AFFAIRS COMMITTEE – CHAIR STAN KELLY

Mr. Kelly reported that the Committee heard a University Advancement update, highlighting the success of Red & White Week. This included the historic dedication of Holmes Hall, the Wilson College of Textiles announcement and ceremony, a celebration in recognition of the 10th anniversary of the Goodnight Scholars program and the largest crowd ever for Red and White Night with over 700 attendees.

Mr. Kelly stated that the University reached \$1.4 billion towards the campaign goal with internal projections of achieving the total goal of \$1.6 billion next year. Advancement will be conducting a comprehensive review of the prospect and donor pool to determine the remaining philanthropy potential for the balance of the campaign.

Mr. Kelly then shared a campaign and fundraising update, noting that the \$1.4 campaign total to date has us at 88% of goal, with 63% of the time expired. Mr. Kelly reported that the Committee heard about campaign progress to goals by colleges, with some colleges having already exceeded their campaign goals. Areas of optimism include the campaign pace and untapped potential, while cautions include challenges with some staff attrition in key units and probable changes in the economic climate.

Mr. Kelly reported that the Committee was provided an Advancement Services update, emphasizing that the unit's goal is to ensure that frontline fundraisers have the data they need to be successful. He shared that among highlights from fiscal year 2018 were building a lasting advancement infrastructure through the integration of data from the Wolfpack Club and College of Textiles, as well as increased efficiency in developmental operations.

Mr. Kelly stated that the Committee heard four naming opportunity proposals including 55 naming opportunities for the Wellness and Recreation Center; one naming opportunity from the Poole College of Management for the Dean's Suite in Nelson Hall; one naming opportunity for the Wolfpack Turf Statue at the Murphy Football Center and one naming opportunity from CALS for a room in Weaver Labs in the Department of Biological and Agricultural Engineering.

Mr. Kelly stated that the Committee met in closed session and approved six naming agreements and the Committee heard recommendations on behalf of the Chancellor seeking endorsement for three Watauga Medal nominees.

UNIVERSITY AFFAIRS COMMITTEE – ACTING CHAIR SUSAN WARD

Mrs. Ward reported that under the consent agenda the Committee approved establishment of the Moise Khayrallah Center for Lebanese Diaspora Studies in the College of Humanities and Social Sciences; the Committee approved the time-limited appointment option for three distinguished professorships; and recommended for full board approval the STEM Education Department's request to merge their three Master's programs – in mathematics education, science education and technology education – into one STEM Education Master's degree program. To accomplish this merger, the college is requesting to rename the Master's program in Science Education to Science, Technology, Engineering and Mathematics Education and to discontinue the Master of Education programs in Mathematics Education and Technology Education. These changes will allow the department's master's programs to be consistent with its doctoral programs.

Mrs. Ward made the motion, seconded by Dr. Prestage, to approve the degree program title change and two-degree discontinuations. The motion passed.

Mrs. Ward reported that the Committee received an overview of the process undertaken and recommendations presented by the Tuition Review Advisory Committee and Fee Review Committee for the 2019-2020 academic year. Chancellor Woodson stated his support for all recommendations:

- a 0% tuition increase for undergraduate residents (new cohort)
- a 3% increase for undergraduate nonresidents
- a 2% increase for graduate residents

- a 4% increase for graduate nonresidents.

Mrs. Ward noted that the Tuition Committee recommended that 33.7% of the tuition increase revenue be allocated to need-based financial aid, that 26.5% be allocated to provide funding to the Graduate Student Support Plan, that 27.2% be used to improve quality and accessibility of the NC State educational experience, and that 12.6% be used to provide funding for faculty promotional increases.

Mrs. Ward reported the Chancellor supported the Fee Review Committee's recommendation to maintain student fees at current levels for the 2019-2020 academic year with no increases. The Committee discussed the Chancellor's recommendations on tuition and fees and voted to recommend approval to the full board.

Mrs. Ward made the motion, seconded by Dr. Prestage, to approve the 2019-2020 campus initiated tuition increase requests and student fee recommendations. The motion passed.

Mrs. Ward reported that the Committee also reviewed and recommended a premium tuition request. NC State is in the process of requesting approval of the Master in Foundations of Data Science program to be established and implemented for Fall of 2020. Concurrently, a new tuition premium of \$5,600 per year beginning in Fall 2020 is being requested for the program. The UNC System Office requires both the premium tuition request and program establishment request be submitted to the Board of Governors at the same time. The Master in Foundations of Data Science is an interdisciplinary program to be offered by the Departments of Computer Science, Mathematics, and Statistics that will train the next generation of professionals for careers in industry, government, and academia.

Mrs. Ward made the motion, seconded by Dr. Prestage, to approve the premium tuition proposal for the proposed Master in Foundation of Data Science program. The motion passed.

Mrs. Ward reported that in order to comply with a recent amendment to UNC Policy 400.1.5 which stipulates that "Constituent institutions will require no more than 120 semester credit hours for 4-year baccalaureate degree programs unless an exception is granted by the board of trustees," the Committee reviewed and recommended for full board approval requests for exceptions to this mandate. Currently, out of NC State's 102 undergraduate degree programs, 80 exceed 120 hours. Of these 80, 60 are revising their curricula by various means including planning minor curriculum changes, such as dropping a course or eliminating electives in order to bring the credit hours required for graduation to 120 by fall of 2019. The Committee recommended that the remaining 20 degree programs be granted an exception from this mandate. The 20 exceptions include 17 requests from the College of Engineering, and one request each from the Colleges of Design, Education and Natural Resources. All of the exception requests are associated with accreditation and/or licensure requirements.

Mrs. Ward made the motion, seconded by Dr. Prestage, to approve that the 20 degree programs be granted an exemption from the UNC Policy 120 credit hour mandate. This includes 17 degree programs in the College of Engineering and one each in the Colleges of Design, Education and Natural Resources. The motion passed.

Mrs. Ward reported that the Committee approved the bonus structure for Track & Field and Cross Country in accordance with non-salary and deferred compensation policy 05.15.03.

Mrs. Ward stated that the Committee received several reports. She shared that North Carolina native Dr. Christine Darden will deliver December's commencement address and receive an Honorary Degree. Dr. Darden is an internationally recognized expert in high-speed aerodynamics and sonic-boom research. Over her 40-year career with NASA, she won dozens of honors, including two NASA medals: one for her work and leadership of the sonic boom program and one for her active involvement in encouraging students to pursue careers in math and science. She received the Black

Engineer of the Year Outstanding Achievement in Government Award, and the Women in Science and Engineering Lifetime Achievement Award.

Mrs. Ward reported that the Committee also received updates on Faculty and Staff Senate activities. The Faculty Senate has been busy discussing topics ranging from campus IT accessibility to the salary equity study. The Fall General Faculty meeting was held on October 30 with student well-being as the main discussion topic. The Staff Senate has addressed many questions and concerns during this year's first quarter including items related to Hurricane Florence adverse weather time reporting, annual enrollment processes and the annual raise process. Staff Senate has created a new committee on "Employee Experience and Relations" that deals with issues such as work/life balance, campus environment and transportation.

Mrs. Ward reported that in the Provost's update, the Committee was notified of a new academic certificate and partnership and received information on faculty retentions. Over the past seven years, NC State has made 120 counteroffers and 204 pre-emptive retention offers. Sixty-three percent of counteroffers were successful and 93% of the pre-emptive retentions were successful. The overall success rate of counter offers and pre-emptive retentions was 81% over this seven-year period. The Committee discussion focused on the programs in place such as the University Faculty Scholars Program, to recognize and retain top faculty.

Mrs. Ward reported that in closed session, the Committee approved a head coach employment agreement for Women's Track & Field and Cross Country, recommended a Head Coach employment agreement for Board of Governors approval, and also made recommendations for awarding of Honorary Degrees. These recommendations will be considered by the Full Board in closed session at the conclusion of this meeting.

BOARD OF VISITORS REPORT – CHAIR JUDY GRAINGER

Chair Grainger reported that at the last Board of Visitors (BOV) meeting they heard a report from Chancellor Woodson about the effects of Hurricane Florence, enrollment, the Think and Do the Extraordinary campaign and the latest faculty member, Rodolphe Barrangou, being elected to the National Academy of Sciences.

Chair Grainger stated that the BOV heard a brief Board of Trustees update of recent meetings and activities, including a focus on best practices in higher education and the revised Board of Trustees meeting structure.

Chair Grainger reported that the BOV heard an Enrollment 2025 update from Dr. Louis Hunt, Sr. Vice-Provost for Enrollment Management and Services as well as a report from Dr. Michael Walden a William Neal Reynolds Distinguished Professor & Extension Economist and author, who spoke about NC Beyond the Connected Age – The Tar Heel State in 2050.

Chair Grainger reported that the BOV heard a very exciting update from Kevin Keatts, NC State's Basketball head coach. Coach Keatts is the first Wolfpack head coach to defeat Duke, Carolina and Wake Forest in his first attempt since the 1918-19 season. He led the Pack to a tied for third place finish in the conference as well as earning an at-large bid to the NCAA Tournament.

STUDENT BODY PRESIDENT'S REPORT – JESS ERRICO

Mrs. Jess Errico gave the following updates:

The PACK Meal Share Program started by Student Government and Campus Enterprises has been a successful addition to the tools the University uses to help students in need. The impact of Hurricane Florence saw an increase in students facing food insecurity and who were temporarily without food options, leading to an increase in requests to the Pack Essentials program. Student Government will be collecting student donations of unused guest meal swipes from November 19 - November 30. Mrs. Errico stated that Student Government led the way in advocating for the inclusion of NC State students in current programs and the creation of new programs for affordable childcare resources. She

announced that Meredith College has opened up their new after school program, [Wings After School](#), to NC State students. Mrs. Errico reported that the NC State Student Government Traditions Department will host their annual event "Campout" to celebrate the tradition of camping overnight to receive tickets to NC State vs. Chapel Hill athletic events. This event is an all night experience where participating students receive six loyalty points to apply to the basketball ticket request cycle.

Mrs. Errico stated that on Monday, October 15th NC State Student Government and campus partners hosted the inaugural NC State Accessibility Excursion to raise awareness about campus accessibility and to address accessibility barriers. With an accessibility barrier checklist in hand, as a team, students explored campus areas for barriers and logged their findings. Information collected during this one-hour event was sent to the proper campus departments to be addressed.

Mrs. Errico reported that legislation supporting the Beyond the Box initiative and Gender Inclusive Housing passed unanimously at the Association of Student Governments General Assembly and the Council of Student Body Presidents. The Beyond the Box legislation encourages UNC System schools to do research into the impact of criminal history questions on application completion rates for their particular institution. The Gender Inclusive Housing legislation encourages UNC System Institutions to work towards repealing UNC System Policy 700.8.1, which does not allow transgender students to live in campus housing that aligns with their gender identity.

Mrs. Errico reported that, Student Government was inspired by the NC State Waste Reduction and Recycling's #GoStrawless initiative so they worked with NC State Dining to make 1887 Bistro an opt-in location. Straws are available upon request, but will not be automatically given with drinks, which helps reduce waste and improve sustainability.

Mrs. Errico reported that the newly created Student Wellness Department is kicking off the year with promotion of the Counseling Center's QPR training. This suicide prevention training is offered by the Counseling Center and teaches students to question about suicidal thoughts, persuade them to get help, and refer them to the best resources. The Student Wellness Director is currently working to help get Student Government members certified while promoting the opportunity to the greater campus community.

Mrs. Errico reported that the Student Government Fall Appropriations cycle saw \$72,666.17 allocated to over 200 student organizations. These allocations serve as start up funds, help finance student organization events, and is the primary way many student organizations receive funding.

CLOSED SESSION

With no further business in open session, Mrs. Ward made the motion, seconded by Mr. Kelly, at 10:30 a.m. to go into closed session to prevent the premature disclosure of an honorary award; to consider the qualifications, competence, performance, conditions of appointment of a public officer or employee or prospective public officer or employee. The motion passed.

RECONVENE IN OPEN SESSION

At 11:25 a.m., the board came out of closed session. With no further business in open session, Chair Clark adjourned the meeting at 11:30 a.m.

Respectfully submitted,

Assistant Secretary

Secretary

Approved:

Chair of the Board



NORTH CAROLINA STATE ETHICS COMMISSION

SAMPLE¹

ETHICS AWARENESS & CONFLICT OF INTEREST REMINDER

(to be read by the Chair or his or her designee at the beginning of each meeting)

In accordance with the State Government Ethics Act, it is the duty of every [Board] member to avoid both conflicts of interest and appearances of conflict.

Does any [Board] member have any known conflict of interest or appearance of conflict with respect to any matters coming before the [Board] today?

If so, please identify the conflict or appearance of conflict and refrain from any undue participation² in the particular matter involved.

Rev. 1-16-07

¹ N.C.G.S. §138A-15 (e): "At the beginning of any meeting of a board, the chair shall remind all members of their duty to avoid conflicts of interest and appearances of conflict under [Chapter 138A]." There is no set language required by the Act. Specific language can and should be tailored to fit the needs of each covered board as necessary.

² "A public servant shall take appropriate steps, under the particular circumstances and considering the type of proceeding involved, to remove himself or herself to the extent necessary, to protect the public interest and comply with this Chapter, from any proceeding in which the public servant's impartiality might reasonably be questioned due to the public servant's familial, personal, or financial relationship with a participant in the proceeding." See N.C.G.S. §138A-36 (c). If necessary, the Chairman or individual member involved should consult with his ethics liaison, legal counsel, or the State Ethics Commission to help determine the appropriate response in a given situation.

The Chancellor's Report

*February 2019***125 Years of Graduate Student Success**

In 2019, the Graduate School and NC State will celebrate 125 years of awarding graduate degrees. The first master's degree was awarded in 1894 to Frank T. Meacham, a member of the university's first undergraduate class in 1889, when NC State was called the North Carolina College of Agricultural and Mechanical Arts. Meacham also was one of the first to earn a bachelor's degree in 1893.

Top School for Veterans Ranking

NC State's effort to help military veterans earn college degrees has been commended by a recent 2019 academic report. Published by *U.S. News and World Report*, NC State ranked 46 overall in a category called "Best Schools for Veterans." This category included schools that participate in federal initiatives to support military veterans at college. Additionally, the report named NC State number 32 out of 132 schools in the "Top Public Universities in the U.S." category. This ranking was determined by looking at factors such as student excellence, financial and faculty resources, and retention rates to determine their rankings.

Dual Enrollment Partnership to Prepare NC's Teachers

Johnston County Public Schools, Johnston County Community College, and the NC State College of Education are establishing a dual enrollment program and piloting an Associate in Science (Teacher Education Concentration) degree to create a direct and affordable pathway for young aspiring teachers to earn a teaching degree. It will also supply Johnston County with highly qualified teachers. This program offers a unique solution to the nationwide shortage of teachers and will most likely serve as an example to many other districts, community colleges, and four-year institutions. The Associate in Science program will enroll its first students in the Fall of 2019.

Faculty Success

In late December 2018, four faculty members from the NC State College of Sciences were elected as fellows for the American Association for the Advancement of Sciences. Illse C.F. Ipsen, Louis A. Martin-Vega, Jennifer Kuzma, and C.T. Kelly were among the 416 scientists to be elected as fellows of the society. It is the world's largest academic society of scientists and the fellows are only elected after extensive review of their contributions to the field.

Additionally, Sylvia Blankenship, professor emerita and former associate dean of the College of Agriculture and Life Sciences, was recently elected to the National Academy of Inventors. Blankenship was honored for work that she conducted in the 1990's with NC State Professor Edward Sisler. They created a compound known as 1- MCP, which makes flowers and fruits last longer. The compound was officially introduced in 2002 as SmartFresh and has greatly improved access to ripe fruit. She is NC State's 10th faculty member to be presented with this prestigious award.

NC State's Education Research Makes a Difference

Faculty and researchers from the Friday Institute for Educational Innovation and the Department of Computer Science at NC State were awarded a three-year, \$1 million Nation Science Foundation grant to increase participation in computer science and computational thinking in K-12 schools. The project builds on the research-practice partnership (RPP) NC State researchers have cultivated at Reedy Creek Magnet Middle School in Wake County over the last two years. It also supports the adaptation of NC State's RPP with faculty from UNC-Charlotte. UNC-Charlotte researchers will partner with the NC State team to design and implement their own RPP in a Charlotte-Mecklenburg magnet school. In doing so, researchers hope to identify which aspects of the RPP can and cannot be replicated, so that they can extend this method to other schools. The integration of computational thinking and computer science principles into K-12 education is vital to fostering key 21st century thinking skills for students entering the workforce.

Ocean Currents Research Initiative

A Goodnight Innovation Distinguished Professor, Ruoying He serves in NC State's Department of Marine, Earth and Atmospheric Sciences. He was recently awarded a grant from the National Academy of Sciences, Engineering and Medicine for a total of \$2.1 million. With this award, Professor He will research and the study the ocean circulation in the Gulf of Mexico and the physical processes that control them. NC State will collaborate with several other academic institutions on this project, including Scripps Institution of Oceanography and Massachusetts Institute of Technology.

Research Triangle Involvement

NC State and the Center for Disease Control (CDC) are partnering in a new Research Triangle project to prevent mosquito based diseases. The Analytical Instrumentation Facility at NC State has a new method to measure the amount of insecticide present on mosquito nets. They are focusing on an insecticide called Permethrin. This research will help millions of mosquito-net users be able to know when their nets are no longer working and need to be replaced.

Student Success

Two NC State students, Jada Hester and Sara Darwish were named WomenNC Scholars for the 2018-2019 academic year. WomenNC is a local non-profit group that selected 10 students from across North Carolina to participate in the Juanita M. Bryant United Nations Commission on the Status of Women Leadership Training Program. During their participation in the selective program, Hester and Darwish will research issues facing women in North Carolina and present recommendations to government policymakers. They will also get to present their research to the United Nations Commission on Women in March 2019.

Athletics

NC State was 10th in the Director's Cup from the final fall 2018-2019 standings. The NC State fall sports team that scored the most points was the Men's Cross Country team, while the most improved score was for Men's Soccer. At the NCAA Championship, the Women's Cross Country team came in 13th and the Men's team came in 11th, marking the first time since 2003 that the two Wolfpack Cross Country Teams have placed in the top 25.

**BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY
AGENDA**

**Audit, Risk Management and Finance Committee
3:15 p.m. – 5:00 p.m., February 21, 2019
Winslow Hall Conference Room**

**Members: Thomas E. Cabaniss, Chair, Jess Errico, Ann B. Goodnight, James A. Harrell, III,
Ronald W. Prestage, DVM, Susan P Ward**

CALL TO ORDER

Tom Cabaniss, Chair of Committee

ROLL CALL

Tom Cabaniss, Chair of Committee

READING OF STATE GOVERNMENT ETHICS ACT CONFLICT OF INTEREST STATEMENT

Tom Cabaniss, Chair of Committee

- | | | |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 1. | APPROVAL OF MINUTES
Approval of November 15, 2018 Minutes | TAB 4.1 |
| 2. | ACTION ITEMS

No Action Items | TAB 4.2 |
| 3. | INFORMATIONAL REPORTS | TAB 4.3 |
| A. | Internal Audit Update
(NC State Pol 01.05.1, Appendix 1, I.a.i-viii)
Office of Internal Audit
<i>Cecile Hinson, Director, Internal Audit</i> | 4.3A |
| B. | Legislative, Finance and Budget Update
(UNC Pol, Ch. 100.1, App 1 (V) Section 502.B (5-6) and 502.C (1-4)) NC State Pol 01.05.1, Appendix 1, I.b)
Office of External Affairs, Partnerships & Economic Development
<i>Kevin Howell, Vice Chancellor, External Affairs, Partnerships
& Economic Development</i>
Office of Finance and Administration
<i>Mary Peloquin-Dodd, Interim Vice Chancellor, Finance and Administration
Barbara Moses, Associate Vice Chancellor, Budget and Resource Management</i> | 4.3B |
| C. | Annual Report on Endowment and Investments
(NC State Pol 01.05.1, Appendix 1, I.d.i)
Office of Finance and Administration
<i>Mary Peloquin-Dodd, Interim Vice Chancellor, Finance and Administration</i> | 4.3C |

- D. Intercollegiate Athletics Financial and Budget Review 4.3D
(UNC Pol 1100.1.1.II.B 1and 2, NC State Policy 01.05.1, Appendix 1, I.b)
Athletics Department
Deborah Yow, Director
Julie Phelps, Interim Senior Associate Athletic Director, Business Operations
- E. Enterprise Risk Management and Compliance Update 4.3E
(UNC Pol. Ch. 1300.9.11) (NC State Pol 01.05.1, Appendix 1, I.c.i, ii)
IT Security Update
Office of General Counsel
Robert Hoon, Interim General Counsel
Office of Information Technology
Marc Hoit, Vice Chancellor, Office of Information Technology

4. COMMITTEE DISCUSSION TAB 4.4

5. ADDITIONAL INFORMATIONAL MATERIALS TAB 4.5

- A. NC State Investment Fund Performance Review 4.5A
(UNC Pol Ch. 600.2.4.II.K) (NC State Pol 01.05.1, Appendix 1, I.b, d.i)
- B. NC State Intermediate Term Fund Performance Review 4.5B
(UNC Pol Ch. 600.2.4.II.K) (NC State Pol 01.05.1, Appendix 1, Ib, d.i)

ADJOURN

Meeting of Audit, Risk Management and Finance Committee
North Carolina State University
Board of Trustees
November 15, 2018

Chair Cabaniss opened the meeting at 3:30 p.m. in Winslow Hall Conference Room. Roll was taken and there was a quorum. Committee members present for the meeting were:

Mr. Tom Cabaniss, Chair
Mr. Jim Harrell
Dr. Ron Prestage
Ms. Susan Ward

All members of the Committee were reminded of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act. It was inquired as to whether there were any known conflicts of interest or appearances of conflict with respect to any matters coming before the Committee at this meeting. There being none, the meeting continued.

The minutes from the September 20, 2018 meeting were presented for approval, and with no changes, they were approved by consent.

The Committee was refreshed on the University's financial performance and highlights for FY2018. The net position of the University increased to \$444.6 million, up \$95.5 million from fiscal 2017. Fiscal 2017's net position was substantially reduced by required accounting for Other Post-Employment Benefits liabilities (OPEBs) and increased pension expenses, but financial operations were healthy. For fiscal 2018, a 3.7% increase in total revenues was offset by smaller increases in operating expenses, and net operating income was \$53.3 million.

State Auditor, Beth Wood was present at the meeting and reported on the University's financial audit for fiscal year 2018. The State Auditor's Office opines on basic financial statements and although they do not check internal controls, they will report on them if issues are found. The State Auditor reported no material mis-statements and no issues with internal control. A management letter has been sent to the Chancellor, and a final report will be sent to the Board of Trustees Chair and Audit, Risk Management and Finance Chair. She complimented the University staff, noting their efficiency.

The Committee heard a report from Internal Audit Division (IAD) on activities since the September meeting: four (4) investigations were closed following the auditee's completion of corrective actions, three (3) consulting engagements were completed, and ten audits plus six audit follow-ups are currently in progress. There are seven audits on the FY2019 Audit Plan that have not started yet due to the unexpected increase in hotline allegations resulting in investigations. Total investigations for FY2018 were 18 while there have already been 13 investigations opened in the first five months of FY2019. Fortunately, all audit staff are Certified Fraud Examiners which adds flexibility in covering the influx of allegations. Finally, the Office of the State Auditor's report on the IT General Controls Audit will not be issued. The OSA decided to terminate the audit due to the System Office's recently issued policies related to cybersecurity. OSA provided a short

list of items for NCSU's Office of Information Technology to improve but no issues were reported and no follow-up is required.

A report on legislative activities focused on the results of the recent election, including the changes to legislature and proposed amendment results.

The committee heard about the impact of enrollment funding changes from projections to actuals on this fiscal year's budget. Board of Governor's priorities for the 2019-2021 biennium include enrollment change funding, UNC Data modernization initiatives, faculty recruitment and retention and faculty and staff salary adjustments. Items that affect NC State specifically include Student Transfer Enrollment, Advising and Mentoring, Innovation in Manufacturing Biopharmaceuticals and building reserves. They also learned about requested tuition and fees increases for Fiscal 2019-2020. There is no planned increase in tuition for resident undergraduate students and no increases in mandatory fees for all undergraduates.

The committee heard an update on Hurricane Florence Relief. The Legislature appropriated \$30 million from the statewide Hurricane Florence Recovery Fund to the Board of Governors. The allocation is directed to the three campuses that sustained the greatest hurricane damage: UNC-Wilmington; Fayetteville State University; and UNC-Pembroke.

The committee also received an update on financial results for the first quarter of the current fiscal year 2019, as well as upcoming accounting changes that will affect retirement obligations and leasing.

Office of General Counsel and Environmental Health and Public Safety presented an informational report on the Clery Act and violence prevention. The most current annual report required under the Clery Act was provided in the pre-materials and is also posted on the University website. The Committee also heard an overview on campus safety, violence prevention and threat management. The campus safety report included information on a number of areas including campus demographics, required and expected training of students and staff and the University Police department. The University has a robust violence prevention and threat management program. It includes three teams that continually review and assess risk. The teams are Behavioral Assessment Team, CARES Team, and Minors on Campus. In addition to the risk assessment, these teams provide support for staff, students, affiliates, as well as track and register programs related to minors and provide training.

Chair Cabaniss referenced informational materials provided to the Committee.

With no further business, the Committee adjourned at 4:50 p.m.

Submitted by _____
Secretary to the Committee

Approved _____
Chair of the Committee

**NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
FISCAL YEAR 2019 AUDIT PLAN AND ENGAGEMENT STATUS
AS OF JANUARY 25, 2019**

Engagement	On Original Fiscal Year 2019 Audit Plan?	Coverage of University Strategic Risks	Fiscal Year 2019 University Strategic Plan Goals	Status	Auditor Comments
AUDITS					
College of Natural Resources - Parks, Recreation, and Tourism Management Investigation	No - Carried Forward From Prior Year	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process		Closed	The objective of this audit was to investigate an allegation from an internal source regarding potential undeposited receipts, mismanagement of funds, and misuse of funds. Allegations were substantiated and corrective actions for the issues reported were fully and successfully implemented. Report issued 8/14/18. Investigation closed.
College of Agriculture and Life Sciences Department of Crop and Soil Sciences Investigation	No - Carried Forward From Prior Year	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process		Closed	The objective of this audit was to investigate allegations from an internal source regarding the potential misuse of funds using a University PCard. Allegations were substantiated and corrective actions for the issues reported were fully and successfully implemented. Report issued 10/31/18. Investigation closed.
Poole College of Management - Business Office Investigation	No - Added	Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process Other - Internal Audit Universe Risk - Regulatory Non-Compliance	4. Pursue organizational excellence	Closed	The objective of this audit was to investigate allegations from an internal source regarding inappropriate PCard charges, items shipped to home address, inadequate review of PCard transactions, concerns regarding large transfer of funds (journal entries), and transactions not reviewed for allowability. This audit was closed as the allegations are addressed in two other audit engagements: 1) Audit of Expenditures from Special Academic Program Resources, and 2) Non-Salary Year End Transfer of Expenses.
Poole College of Management - Development and External Relations Investigation	No - Carried Forward From Prior Year	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Fraud		Complete - In Follow-up	The objective of this audit was to investigate allegations from an internal source regarding the potential misuse of funds using a University PCard. Allegation was substantiated, 1 issue was noted related to inadequate PCard transaction review and unit is working on corrective action. Report issued 10/09/18 Number of Audit Issues Remaining Open: 1 (corrective action in progress) Number of Audit Issues Closed: 0
College of Agriculture and Life Sciences Poultry Sciences - Feed Mill Education Unit Investigation [Phase 2]	No - Carried Forward From Prior Year	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Processes	4. Pursue organizational excellence	Report In Process	The objective of this audit is to investigate allegations from an internal source to determine if the Unit's purchase of a vehicle was conducted in a manner that was transparent to University Administration and in compliance with State and University requirements.
College of Engineering - Materials Science and Engineering - Purchasing Investigation	No - Added	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls		Report In Process	The objective of this audit is to investigate allegations from an internal source regarding alleged personal purchases by an employee on a PCard and in Marketplace.
Office of Finance and Administration - Facilities - Utilities and Engineering Department - Timekeeping and Pay Investigation	No - Carried Forward From Prior Year	Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	4. Pursue organizational excellence	Report In Process	The objective of this audit is to investigate allegations from an external source regarding the potential incorrect payroll payments for Facilities' employees.
Office of Finance and Administration - Materials Management Division Investigation	No - Added	Other - Internal Audit Universe Risk - Governance Other - Internal Audit Universe Risk - Regulatory Non-Compliance		Report In Process	The objective of this audit is to investigate allegations from an internal source regarding potential non-compliance to policies and procedures related to procurement services.

Key:	Closed	In Process	Not Started	On-Hold
	Complete In Follow-up	Canceled	Returning to Continuous Risk Assessment	

**NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
FISCAL YEAR 2019 AUDIT PLAN AND ENGAGEMENT STATUS
AS OF JANUARY 25, 2019**

Engagement	On Original Fiscal Year 2019 Audit Plan?	Coverage of University Strategic Risks	Fiscal Year 2019 University Strategic Plan Goals	Status	Auditor Comments
Campus Enterprises - NC State Dining - Vendor Processes Fraud Risk Assessment	Yes	Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	4. Pursue organizational excellence	Report In Process	The objective of this audit is to assess the effectiveness of NC State Dining's vendor payment processes and internal controls at reducing the risk of fraud.
Campus Enterprises - NC State Stores - Vendor Processes Fraud Risk Assessment	No - Carried Forward From Prior Year	3 - Data or Cyber Security Breach Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls	4. Pursue organizational excellence	Report In Process	The objective of this audit is to assess the effectiveness of NC State Stores' vendor payment processes and internal controls at reducing the risk of fraud.
Audit of Expenditures from Special Academic Program Resources	No - Carried Forward From Prior Year	Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	1. Enhance student success	Report In Process	The objective of this audit is to assess expenditures from special academic program resource funds for compliance with the approved purpose.
College of Agriculture and Life Sciences Department of Food, Bioprocessing, and Nutrition Sciences Investigation	No - Carried Forward From Prior Year	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls		Report In Process	The objective of this audit is to investigate an allegation from an internal source regarding possible falsification of timesheets.
College of Humanities and Social Sciences - Department of Social Work Investigation	No - Added	Other - Employee Misconduct		Report In Process	The objective of this audit is to investigate allegations from an internal source to determine if an employee used their University position to personally benefit from a service contract with a business that the employee owns and has not disclosed.
College of Agriculture and Life Sciences Department of Crop and Soil Sciences - Consortium Uniting People for Sustainability (CUPS) Investigation	No - Carried Forward From Prior Year	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Regulatory Non-Compliance		Fieldwork In Process	The objective of this audit is to investigate allegations from an internal source to determine if fundraising activities are compliant with Federal, State, and University regulations.
College of Engineering - Materials Science and Engineering - Vendor Management Investigation	No - Added	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance		Fieldwork In Process	The objective of this audit is to investigate allegations from an internal source about possible misuse of University funds and employee time, conflict of interest, and noncompliance with University Procurement requirements.
Non-Salary Year End Transfer of Expenses	No - Carried Forward From Prior Year	Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	4. Pursue organizational excellence	Fieldwork In Process	The objective of this audit is to test non-salary year end transfer of expenses for allowability, allocability, and appropriateness.
Review of Corrective Actions for National Science Foundation (NSF) Performance Audit of Incurred Costs	Yes	Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process		Fieldwork In Process	The objective of this audit is to perform follow-up activities on all audit issues reported in the NSF external audit.

Key:	Closed	In Process	Not Started	On-Hold
	Complete In Follow-up	Canceled	Returning to Continuous Risk Assessment	

**NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
FISCAL YEAR 2019 AUDIT PLAN AND ENGAGEMENT STATUS
AS OF JANUARY 25, 2019**

Engagement	On Original Fiscal Year 2019 Audit Plan?	Coverage of University Strategic Risks	Fiscal Year 2019 University Strategic Plan Goals	Status	Auditor Comments
College of Sciences (COS) - General Information Technology (IT) Controls	Yes	3 - Data or Cyber Security Breach Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process Other - Internal Audit Universe Risk - Regulatory Non-Compliance	4. Pursue organizational excellence	Planning In Process	The objective of this audit is to evaluate governance over COS IT operations and select IT general controls.
Title IX Governance Processes	Yes			Not Started	The objective of this audit is to assess the effectiveness of the processes governing and ensuring Title IX compliance.
Hiring Process - Controls to Prevent Unallowable Hires	Yes			Not Started	The objective of this audit is to review the effectiveness of the University's hiring process controls to prevent unallowable hires such as persons trespassed from the University or flagged as "Do Not Hire" due to prior disciplinary actions.
Grant Expenses at Award End	Yes			Not Started	The objective of this audit is to test financial expenditures at the end of federal grant awards for allowability, allocability, reasonableness, compliance with applicable regulations and provisions of the award agreements.
Office of Finance and Administration - Facilities - Small Construction Award Process	Yes			Not Started	The objective of this audit is to review Facilities small construction contract awards for favoritism or conflict of interest.
Office of Finance and Administration - Environmental Health and Public Safety - Security Applications and Technology (SAT) Services - Physical Access Services	Yes			Not Started	The objective of this audit is to assess services for granting, revoking, and managing the physical access for campus locations supported by SAT.
College of Agriculture and Life Sciences (CALS) - Cooperative Extension Services (CES) - Business Process Governance	Yes			Not Started	The objective of this audit is to assess the effectiveness of CALS governance and business process guidance provided to CES offices.
College of Humanities and Social Sciences - Institute for Nonprofits - Business Processes	Yes			Not Started	The objective of this audit is to evaluate effectiveness and efficiency of business processes and compliance to federal, state, and University requirements.
College of Engineering - Materials Science and Engineering - Limited Scope National Science Foundation (NSF) Grants Audit	No - Added			Not Started	The objective of this audit is to review NSF grant expenditures for allowability and allocability.
CURRENT YEAR AUDIT FOLLOW-UP					
Poole College of Management - Development and External Relations Investigation - Follow-up	No - Carried Forward From Prior Year	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Fraud		Follow-up - In Process	The objective of this audit was to investigate allegations from an internal source regarding the potential misuse of funds using a University PCard. 1 issue was noted related to inadequate PCard transaction review. Report issued 10/09/18 Number of Audit Issues Remaining Open: 1 (corrective action in progress) Number of Audit Issues Closed: 0
PRIOR YEARS' AUDIT FOLLOW-UP					
College of Sciences - Marine, Earth and Atmospheric Sciences Investigation - Follow-up	No - Carried Forward From Prior Year	Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	4. Pursue organizational excellence	Closed	The objective of this audit was to investigate allegations from an internal source regarding potential non-compliance with University policies on compensation. 1 issue was noted related to inadequate guidance. Original report issued 5/17/18. Follow-up completed, audit closed 11/6/18.

Key:	Closed	In Process	Not Started	On-Hold
	Complete In Follow-up	Canceled	Returning to Continuous Risk Assessment	

**NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
FISCAL YEAR 2019 AUDIT PLAN AND ENGAGEMENT STATUS
AS OF JANUARY 25, 2019**

Engagement	On Original Fiscal Year 2019 Audit Plan?	Coverage of University Strategic Risks	Fiscal Year 2019 University Strategic Plan Goals	Status	Auditor Comments
College of Agriculture and Life Sciences - Animal Science Department Investigation - Follow-up	No - Carried Forward From Prior Year	10 - Sexual Violence or Other Serious Crime Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance		Closed	The objective of this audit was to investigate an allegation from an internal source regarding the potential misuse of funds in University accounts. 2 issues were noted related to student organization financial training and University procedures for reporting concerning behavior. Original report issued 10/16/17. Follow-up completed, audit closed 11/6/18.
College of Agriculture and Life Sciences - Poultry Sciences - Feed Mill Education Unit Investigation - Follow-up [Phase I]	No - Carried Forward From Prior Year	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Processes		Closed	The objective of this audit was to investigate allegations from an internal source regarding potential non-compliance with State and University procurement, including PCard, policies. 1 issue was noted related to inadequate PCard transaction review. Original report issued 4/16/18. Follow-up completed, audit closed 1/11/19.
Campus Enterprises - NCSU Dining Timesheet Investigation - Follow-up	Yes	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls		Closed	The objective of this audit was to investigate allegations received from both external and internal sources regarding the manipulation of employee's time sheets by the supervisor. 3 issues were noted related to inconsistent application of policy, insufficient documentation, and lack of audit trail for changes to employee time punches. Original report issued 3/15/18. Follow-up completed, audit closed 1/15/19.
University Employee Time and Leave Management - Follow-up	No - Carried Forward From Prior Year	Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	4. Pursue organizational excellence	Follow-up - In Process	The objective of this audit was to test compliance to Federal Fair Labor Standards Act, State, and University requirements relating to employee compensatory leave and overtime hours. 8 issues were noted related to incorrect payroll payments to employees, timesheet standardization and guidance, aged out compensatory time reporting process, hiring processes, holiday pay, compensatory leave, and incorrect full time equivalency status. Report issued 9/15/16 Number of Audit Issues Remaining Open: 6 (corrective actions in progress) Number of Audit Issues Closed: 2
College of Agriculture and Life Sciences - Business Processes - Follow-up	Yes	Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	4. Pursue organizational excellence	Follow-up - In Process	The objective of this audit was to review internal controls and effectiveness of the College of Agriculture and Life Sciences business processes as related to previous investigations and determine other areas with opportunities for improvement. 5 issues were noted related to procedures for: financial oversight, monitoring and oversight of personnel charges, additional compensation payments, salary redistributions, and administration of faculty departures. Report issued 4/19/17 Number of Audit Issues Remaining Open: 5 (corrective actions in progress) Number of Audit Issues Closed: 0
User Controls Over Ultra-Sensitive Data Follow-up	Yes	3 - Data or Cyber Security Breach Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	4. Pursue organizational excellence	Follow-up - In Process	The objective of this audit was to assess processes followed by users accessing ultra-sensitive University data for effectiveness and compliance to Federal, State, and University security requirements. 23 issues were noted related to guidance, training, storage, retention, verification processes, access, and approval processes. Report issued 3/26/18 Number of Audit Issues Remaining Open: 15 (corrective actions in progress) Number of Audit Issues Closed: 8
CONSULTING ENGAGEMENTS					
College of Agriculture and Life Sciences - Warren County Cooperative Extension Service	No - Carried Forward From Prior Year	Other - Prior Year Strategic Risk - Employee Misconduct Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls		Closed	Internal Audit Division consulted with the College of Agriculture and Life Sciences Human Resources, Cooperative Extension Services and Warren County Cooperative Extension Service regarding a potential mishandling of funds. Consultation closed 10/3/18. No reportable issues noted.

Key:	Closed	In Process	Not Started	On-Hold
	Complete In Follow- up	Canceled	Returning to Continuous Risk Assessment	

**NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
FISCAL YEAR 2019 AUDIT PLAN AND ENGAGEMENT STATUS
AS OF JANUARY 25, 2019**

Engagement	On Original Fiscal Year 2019 Audit Plan?	Coverage of University Strategic Risks	Fiscal Year 2019 University Strategic Plan Goals	Status	Auditor Comments
College of Agriculture and Life Sciences Scotland County Cooperative Extension Service	No - Added	Other - Internal Audit Universe Risk - Internal Controls		Closed	Internal Audit Division consulted with Cooperative Extension Service Director to evaluate processes and financial controls related to the Cooperative Extension Service checking accounts to and reviewed the 4-H account transactions for appropriateness. Consultation closed 10/5/18. Report issued 10/5/18.
College of Agriculture and Life Sciences Integrated Pest Management Research	Yes	Other - Internal Audit Universe Risk - Internal Controls		Closed	Internal Audit consulted with Integrated Pest Management Research management regarding an issue with non-compliance with University policy on compensation and implementation of improvements. Consultation closed 11/6/18.
Office of the State Auditor Information Technology (IT) General Controls Audit	Yes	3 - Data or Cyber Security Breach Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process		Closed	Internal Audit consulted with the Office of Information Technology Security and Compliance to facilitate the Office of State Auditor's (OSA's) audit of NCSU's IT general Controls. The State Auditor's audit included review and consideration of Internal Audit IT audit reports and documented issues to avoid duplication of effort as appropriate. Consultation closed 1/4/19. Report issued 1/4/19 by Office of Information Technology Security and Compliance.
NC State Wolf Pack Club Consulting	No - Added	N/A		Closed	Chief Audit Officer & Director consulted with NC State Wolf Pack Club regarding employee salary payments. Consultation closed 1/4/19
Office of Global Engagement - NC State European Center in Prague Information Technology	No - Added	Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process Other - Internal Audit Universe Risk - Identification and Risk Management	5. Engage locally and globally	Closed	Internal Audit Division consulted with the Office of Global Engagement, Associate Director for NC State European Center in Prague to assist in determining IT needs for Prague as their current support contract ended in December 2018. Consultation closed 1/4/19
Research Administration Systems Replacement - ERA (Enterprise Research Administration)	Yes	3 - Data or Cyber Security Breach Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process Other - Internal Audit Universe Risk - Identification and Risk Management	3. Support interdisciplinary scholarship 4. Pursue organizational excellence	In Process	Internal Audit is providing advisory and consulting services to the Office of Research and Innovation and the Office of Finance and Administration on their replacement of multiple legacy systems used for enterprise research administration activities. (PINS, RADAR, COI, NOI).
Implementation of Accounts Payable Vendor Management System	Yes	Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process	4. Pursue organizational excellence	In Process	Internal Audit Division is consulting with the University Controller's Office on their implementation of a vendor management system application.
WolfTime Post-Implementation	No - Added	Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process Other - Internal Audit Universe Risk - Regulatory Non-Compliance		In Process	Internal Audit Division is consulting with Human Resources regarding the post-implementation of WolfTime.
Health Insurance Portability and Accountability Act (HIPAA) Security Implementation Project	No - Added	3 - Data or Cyber Security Breach Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Internal Controls	4. Pursue organizational excellence	In Process	Internal Audit Division is consulting with Office of Information Technology Security and Compliance on implementation of recommendations from HIPAA Security Assessment provided by Agio.
College of Engineering - Materials Science and Engineering - Conflict of Interest	No - Added	Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process Other - Internal Audit Universe Risk - Regulatory Non-Compliance		In Process	Internal Audit Division is consulting with College of Engineering - Materials Science and Engineering regarding an employee's potential conflict of interest.
College of Agriculture and Life Sciences Poultry Science Chicken Education Unit - Consulting	No - Added	Other - Internal Audit Universe Risk - Regulatory Non-Compliance		In Process	Internal Audit Division is consulting with Sponsored Programs and Regulatory Compliance Services, Director of Compliance regarding a potential conflict of interest.

Key:	Closed	In Process	Not Started	On-Hold
	Complete In Follow-up	Canceled	Returning to Continuous Risk Assessment	

**NC STATE UNIVERSITY INTERNAL AUDIT DIVISION
FISCAL YEAR 2019 AUDIT PLAN AND ENGAGEMENT STATUS
AS OF JANUARY 25, 2019**

Engagement	On Original Fiscal Year 2019 Audit Plan?	Coverage of University Strategic Risks	Fiscal Year 2019 University Strategic Plan Goals	Status	Auditor Comments
SPECIAL ASSIGNMENTS					
Quality Assurance Review (QAR) - Self-Assessment	No - Carried Forward From Prior Year	N/A	4. Pursue organizational excellence	Closed	A QAR is mandated by the Institute of Internal Auditors Professional Standards and by the State of NC for all internal audit units every five years. The objective of a QAR is to determine whether an internal audit function/program is in general compliance with the Institute of Internal Auditor's International Standards of the Professional Practice of Internal Auditing Self Assessment. Final report received 8/23/18. Engagement closed.
Quality Assurance Review (QAR) - Independent Validation	No - Carried Forward From Prior Year	N/A	4. Pursue organizational excellence	Closed	A QAR is mandated by the Institute of Internal Auditors Professional Standards and by the State of NC for all internal audit units every five years. The objective of a QAR is to determine whether an internal audit function/program is in general compliance with the IIA's International Standards of the Professional Practice of Internal Independent Validation. Final report received 8/23/18. Engagement closed.
Health Insurance Portability and Accountability Act (HIPAA) Security Assessment	No - Carried Forward From Prior Year	3 - Data or Cyber Security Breach Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Internal Controls		Closed	Chief Audit Officer & Director and Assistant Director collaborated with Office of Information Technology Security and Compliance and the HIPAA Compliance Sub-working Group to facilitate a complete HIPAA security assessment and privacy review for the HIPAA covered health care components at NC State. Engagement closed 1/4/19
Office of Global Engagement - Financial Operations Manager Search Committee	No	N/A		Closed	Chief Audit Officer & Director was on the search committee for the Office of Global Engagement - Financial Operations Manager. Engagement closed 1/25/19.
Power America Information Technology (IT) Security Assessment	No - Carried Forward From Prior Year	3 - Data or Cyber Security Breach Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process		In Process	Chief Audit Officer & Director and Assistant Director are collaborating with Office of Information Technology Security and Compliance to assess the effectiveness of the Power America Information Technology Security and Compliance Program implementation.
National Institute of Standards and Technologies (NIST) 800-171 Compliance Steering Team	Yes	3 - Data or Cyber Security Breach Other - Prior Year Strategic Risk - Faculty Loss (infrastructure) Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance	3. Support interdisciplinary scholarship 4. Pursue organizational excellence	In Process	Internal Audit Division is providing advisory and consulting services to the Office of Research, Innovation, Office of Finance and Administration, Office of General Counsel, and Office of Information Technology as they develop a collaborative compliance process to assist the University in achieving its research goals while maintaining compliance with NIST 800-171 "Protecting Controlled Unclassified Information in Nonfederal Information Systems and Organizations" and NIST 800-53 "Security and Privacy Controls for Federal Information Systems and Organizations." This collaboration will raise awareness of research compliance requirements, provided compliance educational opportunities, assess the impact of compliance, and create and provide quality resources that will optimize compliance activities.
University Information Technology (IT) Governance Committees	Yes	Other - Internal Audit Universe Risk - Governance		OnGoing	Internal Audit Division is providing objective, independent input to various IT governance committees for ensuring that changes, new directions, and planning is done in a coordinated and collaborative fashion.
University Compliance and Integrity Initiative	Yes	Other - Internal Audit Universe Risk - Governance Other - Prior Year Strategic Risk Employee Misconduct Other - Internal Audit Universe Risk - Fraud Other - Internal Audit Universe Risk - Internal Controls Other - Internal Audit Universe Risk - Regulatory Non-Compliance Other - Internal Audit Universe Risk - Effectiveness and Efficiency of Process		OnGoing	Internal Audit is collaborating with Compliance Manager Services to enhance University-wide compliance activities by increasing collaboration and expanding reporting opportunities for student, faculty, and staff for ethical or compliance related concerns. The goal is to provide a positive compliance experience, to provide compliance educational opportunities, and create and provide quality resources that will optimize compliance activity.
CONTINUOUS RISK ASSESSMENT AND AUDIT PLANNING					
Continuous Risk Assessment and Audit Planning	Time	N/A		OnGoing	All team members visit faculty and staff across the University throughout the year to discuss their unit's strategic plans, goals, and risk posture in relation to the University's Mission. This includes new and on-going activities related to their academic, research, and outreach missions and potential concerns or emerging risks to both strategic and tactical goals at the unit and University level. This process supports the identification of potential audit and consulting engagements and is used as an objective tool in the development of our Annual Audit Plan. • 69 Strategic Conversations as of 1/25/19 • 07/26/18 - Risk Retreat

Key:	Closed	In Process	Not Started	On-Hold
	Complete In Follow-up	Canceled	Returning to Continuous Risk Assessment	



NC STATE UNIVERSITY

Annual Financial Report 2018

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Prepared by the University Controller's Office
For the Fiscal Year Ended June 30, 2018

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



MISSION STATEMENT

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

FROM THE CHANCELLOR



As a Research I, land-grant institution, NC State is committed to providing a world-class education and innovative research developments to the people of North Carolina and beyond, a mission that has stayed the same throughout our 131 years as a university.

Our Think and Do mentality guides the NC State community towards success. As a research institution, we are dedicated to tackling the grand challenges of the world. Our world-renowned faculty is committed to finding these global solutions, bolstering the reputation of this grand university, and providing students with a challenging and invigorating educational experience.

During the past year, NC State faculty members received prestigious national and global awards for their contributions, including a Sloan Fellowship, a Heinz Award for Technology, and an O. Max Gardner Award. Our staff members have also received recognition for their efforts in the form of awards like the Governor's Award for Excellence. NC State's students won a Marshall Scholarship, an Astronaut Scholarship, two Hollings Scholarships, 14 Gilman Scholarships, and a total of 22 National Science Foundation graduate research fellowships.

These remarkable faculty, staff and student achievements prove NC State's dedication to providing an exceptional education that is accessible to all communities, and our continued growth has not gone unnoticed. The Princeton Review named NC State to their "Colleges That Pay You Back" list. Kiplinger's Personal Finance listed NC State in the top ten for best value among public universities for in-state and out-of-state students.

NC State fulfilled another outstanding year for the books, proving itself as a research powerhouse. Our research expenditures exceeded \$500 million for the fiscal year. Researchers and Research Administrators submitted over 3,413 proposals valuing at \$1.15 billion in total funding requests. NC State's research awards total has seen significant growth in the last nine years, as it has increased by 63% since 2009.

It was also a record-breaking year regarding partnerships and support from donors. Research commercialization and startups have strengthened Centennial Campus partnerships from last year by 4%, opening 13 new offices on campus and bringing the total number of Partner employees to 4,800. NC State has also made excellent progress of \$1.33 billion toward our goal of \$1.6 billion for the Think and Do the Extraordinary Campaign. For the second year in a row, NC State exceeded the \$200 million mark in gifts and new commitments, with gifts totaling \$215.4 million.

The future of NC State is supported through developments like these that allow our students, faculty, and staff to pursue the Think and Do mindset. Our university provides challenging educational experiences that create lasting impacts. I am confident in the future of our great university, and I look forward to everything it has yet to accomplish.

Randy Woodson, Chancellor
NC State University

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



I am pleased to present North Carolina State University's 2018 Annual Financial Report. Prepared by Finance and Administration staff in accordance with generally accepted accounting principles for public colleges and universities as defined by the Governmental Accounting Standards Board, the report contains detailed information about the university's financial activities. This report includes key financial data for the past five years, complete financial statements with management analysis, the Office of the State Auditor's report, and recent achievements. Supplemental information includes trend data relating to admissions, enrollment, degrees awarded, faculty, endowment, and debt coverage. The information enclosed is accurate in all material respects and reported in a manner fairly representing the university's financial position to the best of our knowledge. Finance and Administration maintains an effective system of internal controls to ensure that assets are safeguarded and transactions are properly executed and recorded.

Financial Report Highlights

- The university's financial assets were \$3.40 billion.
- Net position grew by \$95.5 million or 27.4% during the reporting period. Beginning net position was restated to \$349.1 million as a result of GASB pronouncements relating to OPEB and ending net position was \$444.6 million.
- Revenues and expenses (operating, nonoperating and other) were \$1.65 billion and \$1.56 billion, respectively.
- Revenues exceeded expenses by \$53.3 million (net income) before capital revenues of \$30.5 million and additions to endowments of \$11.7 million.
- Revenues (operating, nonoperating and other) increased by \$78.9 million or 5.0%, primarily due to increases in student tuition and fees, capital grants, sales and services, state appropriations and investment income.
- State noncapital appropriations increased \$8.9 million, and capital appropriations increased \$2.4 million.
- Operating expenses increased by \$37.5 million or 2.5%, with instruction, auxiliary enterprises and research, showing the largest increases.

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

Sincerely,

Mary Peloquin-Dodd
Interim Vice Chancellor for Finance and Administration
NC State University

Essential Facts and Figures

- 34,432 students, 2,344 faculty and 6,571 staff
- 10 colleges representing all major academic fields
- 20 residence halls and 16 Living and Learning Villages
- 900+ student organizations
- Largest university in North Carolina
- \$1.567 billion budget for fiscal year 2018
- Educating more North Carolinians than any other university
- Cooperative Extension Service provides services to citizens in all 100 counties and the Eastern Band of Cherokee Indians
- Industry Expansion Solutions helps the state's small manufacturers boost efficiencies, creating an average economic benefit of \$149 million per year since 2005

Ranked Among the Best

- #1 best college in North Carolina (Money)
- #3 veterinary medicine program nationally (U.S. News & World Report)
- #4 nationally in online graduate computer and IT programs (U.S. News & World Report)
- #6 best value nationally among public universities (U.S. News & World Report)
- #7 best value for out-of-state students among public universities (Kiplinger's)
- #8 MBA nationally in return on investment (Poets & Quants)
- #9 nationally in online engineering programs (U.S. News & World Report)
- #9 best value for in-state students among public universities (Kiplinger's)
- #11 online MBA nationally (Princeton Review)
- #12 graduate engineering program among public universities (U.S. News & World Report)

Academic Excellence: Brightest Students, Best Faculty

- NC State students won one Goldwater, Marshall, Truman and Udall Scholarships, a Fulbright grant and 24 National Science Foundation graduate research fellowships in the 2017-2018 academic year
- Recent freshman classes boast the highest high school GPAs and SAT scores in university history
- The Chancellor's Faculty Excellence Program has hired 69 world-leading educators and researchers in 20 interdisciplinary clusters, including bioinformatics, geospatial analytics and personalized medicine
- NC State ranks #5 among national research universities in producing Fulbright Scholars
- 25 faculty are members of the National Academies

Driving Economic Prosperity

- NC State's 125+ startups and spinoffs have attracted \$1.6 billion in venture capital
- #6 nationally in commercialization agreements based on university research; #2 among universities without a medical school
- 950+ U.S. patents and 1,000+ foreign patents, yielding 550+ consumer products
- NC State and its students, alumni and associated startups generate \$6.5 billion of North Carolina income annually

A National Leader in Attracting Sponsored Research

- One of only two universities in the nation leading two National Science Foundation Engineering Research Centers: the FREEDM Systems Center, researching smart-grid technology; and the ASSIST Center, developing wearable, self-powered health monitors
- NC State leads seven federally funded collaborative institutes, including:
 - \$140 million PowerAmerica initiative, developing an advanced power electronics manufacturing sector for the Department of Energy
 - \$60 million Laboratory for Analytic Sciences, studying data analytics for the National Security Agency
 - \$25 million Consortium for Nonproliferation Enabling Capabilities, combating the spread of nuclear weapons for the National Nuclear Security Administration

Rising Levels of External Support

- \$215.4 million in gifts and new commitments for FY18, second only to FY17
- \$165.1 million in cash gifts in FY18, the highest total we've ever received
- An anonymous couple made a \$4.5 million bequest to the College of Sciences to benefit students and faculty in applied mathematics

Athletic Achievement

- The football team scored a 52-31 victory over Arizona State in the Sun Bowl
- The men's and women's swimming teams and the women's cross-country team all won ACC championships
- Wrestler Mike Macchiavello won the nation championship in the 197-pound weight class, and NC State finished the NCAA Wrestling Championships tied for fourth place, the highest team finish in school history
- NC State's student-athletes also excelled in the classroom, posting the department's highest-ever federal graduation rate and graduation success rate

Interdisciplinary Partnerships That Make a Difference

- NC State is ranked #4 in the nation for the share of our research that's sponsored by private industry, according to the Information Technology and Innovation Foundation
- Eastman Chemical, LexisNexis and ABB are among our on-campus partners benefiting from next-door proximity to NC State faculty, staff and students
- NC State Entrepreneurship, our Supply Chain Resource Cooperative and our Nonwovens Institute combine academic scholarship with real-world experience to create knowledge, teach students and benefit partners
- NC State's expertise in biomanufacturing, nonwoven textiles and clean energy stimulates formation of industry clusters, drawing companies and jobs to North Carolina

NC State's Centennial Campus

A national model for partnership-driven research campuses

- Centennial Campus is a public-private research campus where 75+ corporate, government and nonprofit partners work alongside 75+ NC State research and academic units.
- The campus is also home to the College of Engineering, the College of Textiles, the College of Veterinary Medicine and the Institute for Emerging Issues, a think tank focused on tackling big issues that affect North Carolina's prosperity.
- Centennial's Office of Technology Commercialization and New Ventures helps faculty and entrepreneurs transfer discoveries from the lab to the marketplace.
- The James B. Hunt Jr. Library, winner of the prestigious Stanford Prize for Innovation in Research Libraries, is one of the most technologically advanced learning and collaboration spaces in the world.



FINANCIAL HIGHLIGHTS

FOR THE YEARS ENDED JUNE 30, 2014-2018
(DOLLARS ARE IN MILLIONS)

	2014	2015	2016	2017	2018
University Net Position					
Invested in Capital Assets, Net of Related Debt	\$1,326.7	\$1,382.7	\$1,413.8	\$1,413.7	\$1,441.2
Restricted Nonexpendable	\$94.9	\$106.6	\$119.3	\$129.0	\$143.8
Restricted Expendable (1)	\$241.3	\$211.5	\$217.7	\$275.7	\$325.4
Unrestricted	\$256.2	\$217.1	\$240.4	-\$1,469.3	-\$1,465.8
Total Net Position	\$1,919.1	\$1,917.9	\$1,991.2	\$349.1	\$444.6
Gifts					
Noncapital Gifts	\$66.3	\$68.1	\$71.2	\$78.0	\$76.6
Capital Gifts	\$2.8	\$16.2	\$7.0	\$4.4	\$6.7
Contracts & Grants					
Federal Contracts & Grants	\$140.7	\$146.7	\$158.1	\$164.5	\$165.1
State and Local Contracts and Grants	\$35.3	\$39.4	\$36.3	\$38.7	\$40.3
Nongovernmental Contracts and Grants	\$71.8	\$83.0	\$83.9	\$85.1	\$88.7
Total Contracts and Grants	\$247.8	\$269.1	\$278.3	\$288.3	\$294.1
Appropriations and Tuition and Fees					
Federal Appropriations	\$19.8	\$16.9	\$13.8	\$22.6	\$21.6
State Appropriations for Operations	\$473.0	\$481.5	\$502.5	\$506.4	\$515.4
State Appropriations for Capital Projects	\$12.2	\$0.0	\$9.0	\$6.1	\$8.5
Tuition and Fees (Gross)	\$336.0	\$360.3	\$384.4	\$404.9	\$432.3
Foundation Support	\$56.9	\$72.9	\$65.1	\$68.2	\$70.0
Endowment Investments	\$205.0	\$230.1	\$209.0	\$311.5	\$349.4
Investment Fund Return	15.7%	9.0%	-1.4%	11.9%	11.6%
Capital Assets					
Total University Capital Assets	\$2,732.0	\$2,819.8	\$2,940.5	\$3,024.1	\$3,135.7
Total University Capital Assets, Net of Accumulated Depreciation	\$1,948.8	\$1,977.2	\$2,025.3	\$2,021.7	\$2,054.3
University Debt					
Short-term Debt	\$10.0	\$10.0	\$40.1	\$5.1	\$20.1
Bonds Payable	\$513.6	\$499.0	\$484.3	\$519.4	\$500.0
Notes Payable	\$80.6	\$76.2	\$71.8	\$68.8	\$65.2
Estimated Expenses for Full-Time Students Living on Campus - N.C. Residents					
(dollars are in whole numbers)					
Tuition and Fees	\$8,206	\$8,296	\$8,581	\$8,880	\$9,058
Books and Supplies	\$1,058	\$1,076	\$1,076	\$1,082	\$1,082
Room Rent (Average)	\$6,034	\$6,244	\$6,375	\$6,560	\$6,618
Meals (Average)	\$3,400	\$3,786	\$3,936	\$4,075	\$4,236
Other Personal Expenses	\$2,700	\$2,690	\$1,500	\$1,508	\$1,556
Transportation	\$786	\$798	\$890	\$894	\$1,088
Total	\$22,184	\$22,890	\$22,358	\$22,999	\$23,638

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

2. 2014 Unrestricted Net Position does not include the restatement for GASB 68 Pension Liability Reporting implemented in Fiscal Year 2015.

3. 2014, 2015, & 2016 Unrestricted Net Position does not include the restatement for GASB 75 Other Postemployment Benefits Liability Reporting implemented in Fiscal Year 2018

BOARD OF TRUSTEES

As of June 30, 2017



Jimmy D. Clark,
Greensboro, NC
Chair



Robert Andrews III,
Raleigh, NC



Thomas Cabaniss,
Richmond, VA



Ann B. Goodnight,
Cary, NC



James A. Harrell III,
Raleigh, NC



Stanhope A. Kelly,
Winston-Salem,
NC



Wendell H.
Murphy,
formerly of Rose
Hill, NC



David Nimocks,
Fayetteville, NC



Dr. Ronald W.
Prestage,
Camden, SC



Susan Ward,
Raleigh, NC



Dewayne N.
Washington,
Wake Forest, NC



Edward I. Wesiger,
Jr.,
Charlotte, NC



Jess Errico
Student Body
President

EXECUTIVE AND ADMINISTRATIVE OFFICERS

EXECUTIVE OFFICERS

W. Randolph Woodson

Chancellor

Marc I. Hoit

Vice Chancellor for Information Technology

Alan Rebar

Vice Chancellor for Research, Innovation and Economic Development

Warwick Arden

Provost and Executive Vice Chancellor

Brian C. Sischo

Vice Chancellor for University Advancement

Michael D. Mullen

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

Deborah A. Yow

Director of Athletics

Scott Douglass

Vice Chancellor for
Finance and Administration

PJ Teal

Secretary of the University

Eileen S. Goldgeier

Vice Chancellor and
General Counsel

DEANS

Richard Linton

Dean of College of
Agriculture and Life Sciences

Peter Harries

Interim Dean of Graduate School

Christine McGahan

Dean of College of Sciences

Mark Hoversten

Dean of College of Design

Jeffrey P. Braden

Dean of College of Humanities
and Social Sciences

David Hinks

Dean of College of Textiles

Mary Ann Danowitz

Dean of College of Education

Annette Ranft

Dean of Poole College of Management

Michael D. Mullen

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

Louis Martin-Vega

Dean of College of
Engineering

Mary Watzin

Dean of College of
Natural Resources

D. Paul Lunn

Dean of College of
Veterinary Medicine

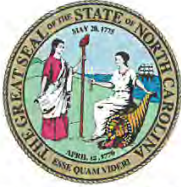


FINANCIAL SECTION

NORTH CAROLINA
STATE UNIVERSITY

2018 ANNUAL
FINANCIAL REPORT

STATE OF NORTH CAROLINA
Office of the State Auditor



Beth A. Wood, CPA
State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0600
Telephone: (919) 807-7500
Fax: (919) 807-7647
<http://www.ncauditor.net>

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
North Carolina State University
Raleigh, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of North Carolina State University (University), a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina, and its discretely presented component units, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the NC State Investment Fund, Inc., which represent 23 percent and 4 percent, respectively, of the assets and revenues of the University; nor the financial statements of the North Carolina State University Foundation, Inc., the NC State Student Aid Association, Inc., or The North Carolina Agricultural Foundation, Inc., the University's discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the North Carolina State University Foundation, Inc. and the NC State Student Aid Association, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of North Carolina State University, and its discretely presented component units, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the financial statements, during the year ended June 30, 2018, North Carolina State University adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended by Governmental Accounting Standards Board Statement No. 85, *Omnibus 2017*. Our opinion is not modified with respect to this matter.

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

Other Information

The introductory and supplementary sections are presented for purposes of additional analysis and are not required as part of the basic financial statements. This information is the

responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The introductory and supplementary sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2018 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance. The report on internal control and compliance has been issued under a separate cover in the Financial Statement Audit Report of North Carolina State University published by this office.



Beth A. Wood, CPA
State Auditor

Raleigh, North Carolina

November 8, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

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

Financial Highlights

The University's net position, as restated, increased by \$95.5 million to \$444.6 million in fiscal year 2018. GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB) heavily impacted the University's unrestricted net position. See further information regarding this impact in the Net Position section. Net position represents the University's equity. It is the residual of all the other elements of the statement of financial position, the assets and deferred outflows of resources less liabilities and deferred inflows of resources. Restricted expendable net position increased \$49.7 million, driven by the increase in endowed professorships due to professorships reaching their minimum endowment level which allows spending to commence and overall increase in investment return. Restricted non-expendable net position increased \$14.8 million driven mainly by the increase in gifts for professorships and the state matching for professorships. Unrestricted net position increased by \$3.5 million.

Revenues increased by \$57.4 million or 3.7%, to \$1.61 billion in fiscal year 2018. Revenues represent amounts received or accrued that are either operating or nonoperating on the accompanying financial statements. Increases in tuition and fees, state appropriations, investment income, sales and services, capital grants and research contracts and grants were major factors in the revenue growth.

Expenses grew 2.6% in 2018, up \$38.8 million over fiscal year 2017 expenses. Expenses represent amounts paid or accrued for operating or nonoperating purposes. Instruction, research, auxiliary enterprises, public service, and depreciation showed the largest increases, while other functional categories had small increases or decreases.

Using the Financial Statements

The University's financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. The 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.

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

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

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

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



Comparative Condensed Financial Statement Information

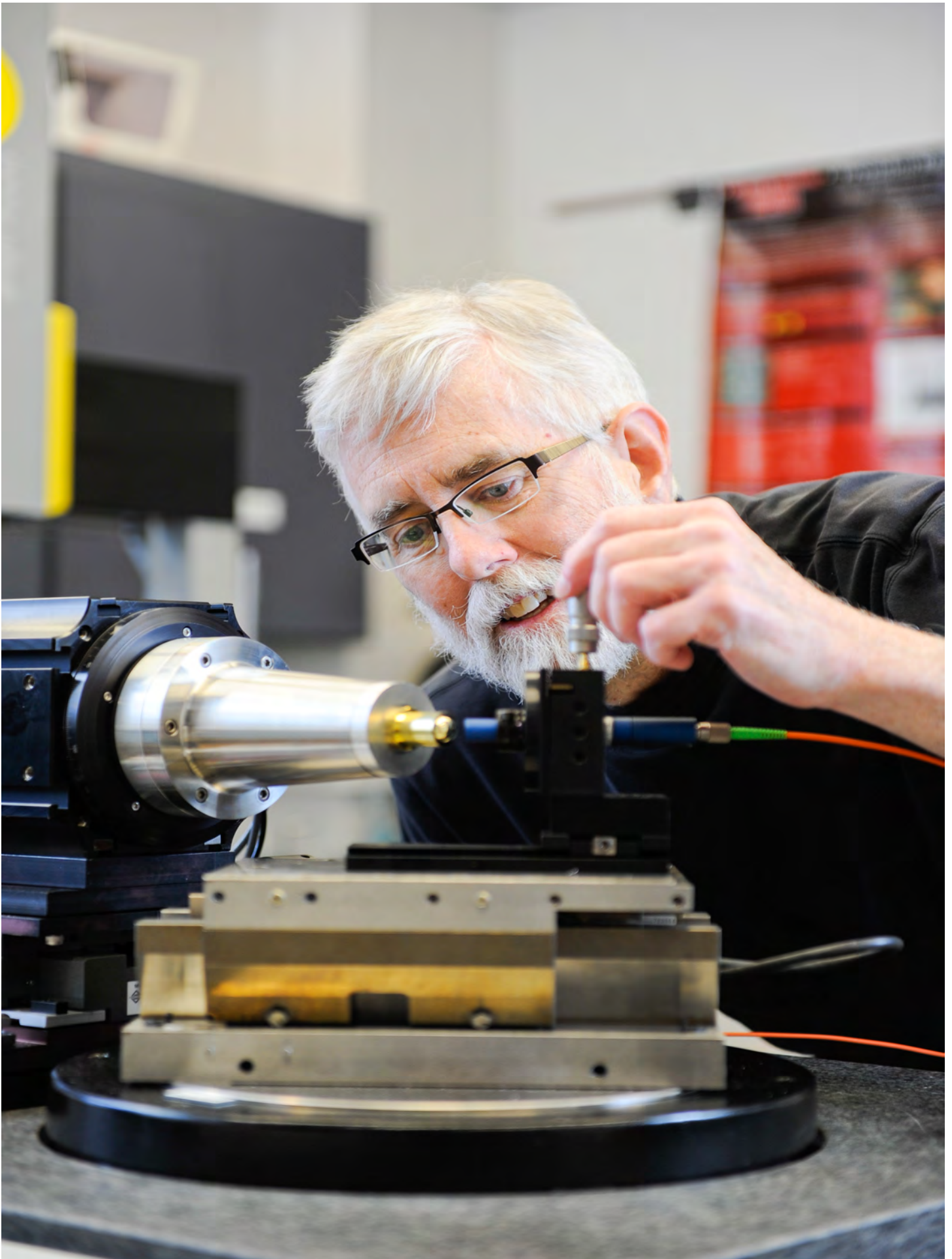
Statement of Net Position

The *Statement of Net Position* provides information regarding the University's assets, deferred outflows and inflows of resources, liabilities, and net position as of June 30, 2018. Asset and liability balances are classified as either current or noncurrent. Assets classified as current are those that are available to pay for current liabilities or current year expenditures. Liabilities classified as current are those that are due and payable in the next fiscal year. The net position balances are classified as either net

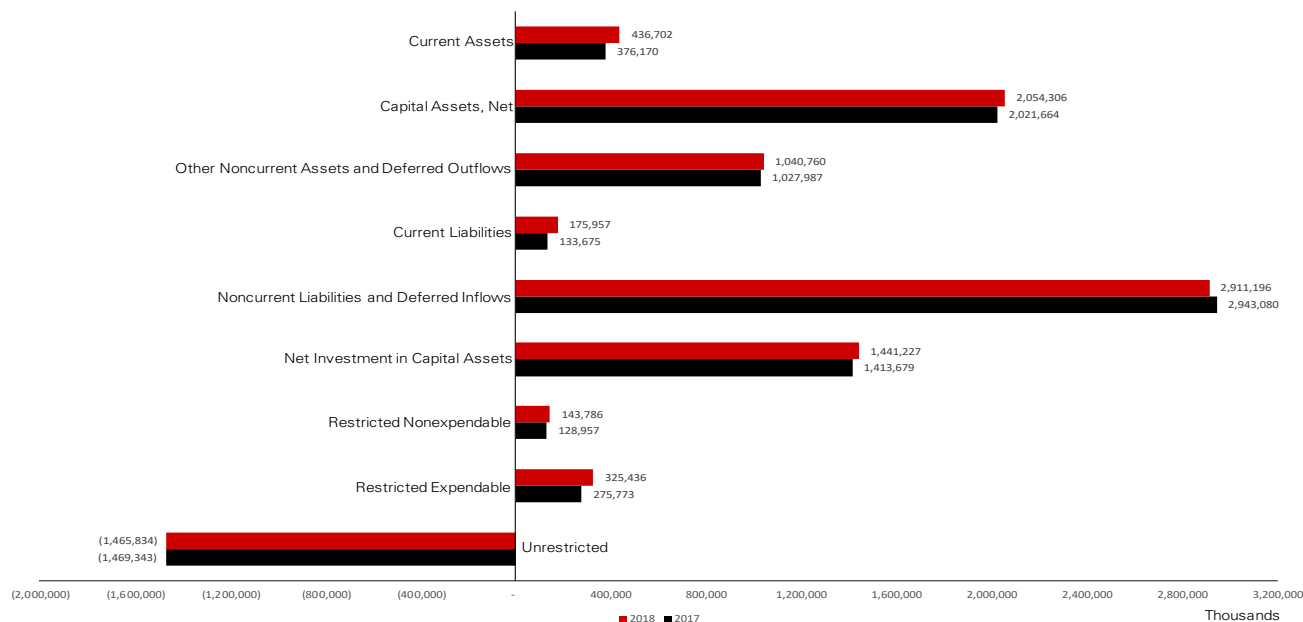
investment in capital assets, restricted or unrestricted. In addition, net position balances classified as restricted are classified as either nonexpendable or expendable. Overall, the *Statement of Net Position* provides information to evaluate the financial strength of the University and its ability to meet current and long-term obligations.

Following is a comparative analysis on the condensed balances reported in the *Statement of Net Position* as of June 30, 2018 and restated as of June 30, 2017.

	2018	As Restated 2017	Increase/ (Decrease)
Assets			
Current Assets	\$ 436,701,540	\$ 376,169,813	\$ 60,531,727
Capital Assets, Net	2,054,306,415	2,021,663,820	32,642,595
Other Noncurrent Assets	904,233,884	841,283,249	62,950,635
Total Assets	3,395,241,839	3,239,116,882	156,124,957
Deferred Outflows of Resources			
Accumulated Decrease in Fair Value of Hedging Derivatives		9,026,065	(9,026,065)
Deferred Outflows Related to Pensions	95,716,440	139,036,517	(43,320,077)
Deferred Outflows Related to OPEB	40,809,814	38,641,648	2,168,166
Total Deferred Outflows of Resources	136,526,254	186,704,230	(50,177,976)
Liabilities			
Current Liabilities	175,957,188	133,674,526	42,282,662
Noncurrent Liabilities			
Long-Term Liabilities	1,963,750,202	2,581,110,189	(617,359,987)
Other Noncurrent Liabilities	382,749,666	352,404,788	30,344,878
Total Liabilities	2,522,457,056	3,067,189,503	(544,732,447)
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	5,778,080	9,565,156	(3,787,076)
Deferred Inflows Related to OPEB	558,917,888		558,917,888
Total Deferred Inflows of Resources	564,695,968	9,565,156	555,130,812
Net Position			
Net Investment in Capital Assets	1,441,226,903	1,413,679,229	27,547,674
Restricted			
Nonexpendable	143,785,771	128,956,654	14,829,117
Expendable	325,436,076	275,773,247	49,662,829
Unrestricted	(1,465,833,681)	(1,469,342,677)	3,508,996
Total Net Position	\$ 444,615,069	\$ 349,066,453	\$ 95,548,616



The following graph illustrates the assets, deferred outflows, liabilities, deferred inflows and net position of the University as of June 30, 2018, as compared to restated June 30, 2017 balances (*in thousands*).



Assets totaled \$3.40 billion, an increase of \$156.1 million over the prior year. This change in assets includes an increase in current assets of \$60.5 million, an overall increase in net capital assets of \$32.6 million and an increase in other noncurrent assets of \$63.0 million.

Current assets increased by \$60.5 million in fiscal year 2018. This increase was primarily the result of a \$33.5 million increase in cash and cash equivalents, driven by a \$10.9 million increase in the areas of auxiliaries, \$8.1 million increase in the management flexibility carryforward, \$7.9 million increase in clearing and processing accounts and \$7.2 million increase in miscellaneous sales and services activities. The remaining difference was offset by decreases in contracts and grants and overhead cash. Current restricted cash and cash equivalents increased \$20.2 million as a result of increases in trust funds, endowment funds and capital improvement and debt funds. Other current assets increased by small amounts.

The increase in net capital assets of \$32.6 million is due largely to an increase in spending on construction projects, driven by the start of several large projects such as Engineering Oval and Plant Sciences buildings. This was partially offset by an increase in accumulated depreciation in fiscal year 2018 as compared to fiscal year 2017 which led to a decrease in depreciable capital assets. Capital grants, capital appropriations resources and capital gifts increased from the prior year.

The \$63.0 million increase in other noncurrent assets is made up of increases in endowment investments, restricted investments and restricted cash. Noncurrent investments increased \$57.9 million due to increases in unrealized and realized gains due to market fluctuations. Noncurrent restricted cash and cash equivalents increased \$8.7 million in fiscal year 2018. The remaining difference was made up of numerous smaller items.

The deferred outflows of resources for the University's swap agreements, the deferred outflows for pensions and deferred outflows for OPEB are shown in a separate section of the financial statements. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which was implemented in fiscal year 2013, established deferred sections of the financial statements. The deferred outflows for pensions and OPEB accounts reflect the University's allocated portion of deferred outflows for the TSERS cost-sharing pension plan and the State's OPEB plans. Amounts in these accounts are amortized over time as pension and OPEB expenses. Deferred outflows of resources as restated decreased \$50.2 million in current year. The \$43.3 million decrease in the deferred outflows of pensions and the \$2.2 million increase in deferred outflows of OPEB are due to changes in the pension and OPEB contributions and the University's proportionate share of contributions to the plans. The accumulated decrease in the fair value of hedging derivatives account decreased \$9.0 million due to the University refunding the swap agreements and no longer recording a derivative.

Liabilities totaled \$2.52 billion, a decrease of \$544.7 million over the prior year as restated. The decrease in liabilities is attributable to a decrease in noncurrent liabilities of \$587.0 million, offset by an increase in current liabilities of \$42.3 million.

Current liabilities totaled \$176.0 million. These liabilities include accounts payable and accrued liabilities, payables to other entities, unearned revenue, interest payable and the current portion of University debt. The current liabilities increase of \$42.3 million was primarily caused by increases in short-term debt, accounts payable and unearned revenue. The University issued an additional \$15.0 million in outstanding commercial paper in fiscal year 2018 for



ongoing construction projects. Accounts payables and accrued liabilities increased \$13.1 million mainly due to new construction projects. In addition, unearned revenue increased \$12.1 million, with the largest increase being in contract and grant unearned revenues. The remaining difference is made up of multiple smaller items.

Noncurrent liabilities totaled \$2.35 billion, and include deposits payable, funds held for other entities, funds held in trust in the investment pool, unearned revenue, long-term liabilities and in prior year the hedging derivative liability. The primary factors in the \$587.0 million increase in noncurrent liabilities was long-term liabilities, funds held in trust for pool participants, funds held for others and the hedging derivative liability. Long-term liabilities as restated decreased by \$617.4 million, primarily due to the new OPEB liability and the restatement for the OPEB liability in 2017 which caused a decrease of \$568.6 million. Also, the University's share of the net pension liability for the Teachers' and State Employees' Retirement System (TSERS) plan decreased \$25.8 million due to the difference between the projected and actual investment earnings in the TSERS plan. Bonds payable had a net decrease of \$19.5 million due to regular principal payments and the University issuing \$87.2 million in North Carolina State University at Raleigh, General Revenue Bonds, Series 2018. The bonds were issued for a current refunding of \$42.0 million of outstanding North Carolina State University at Raleigh Variable Rate General Revenue Bonds, Series 2003B and \$57.0 million of outstanding North Carolina State University at Raleigh Variable Rate General Revenue Refunding Bonds, Series 2015, both with a variable interest rate. The decrease in long-term liabilities was offset by net increases in other noncurrent liabilities. Funds held in trust for pool participants increased \$31.7 million due to increases in unrealized gains due to market fluctuations and participant increases to the fund. Funds held for other increased \$8.9 million from fiscal year 2017 and the hedging derivative liability decreased \$9.0 million due to the University refunding the bonds and no longer having derivatives. The remaining difference is made up of multiple smaller items.

Deferred inflows for pensions and deferred inflows for OPEB, are required by the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB) and are shown in a separate section in the financial statements. This \$564.7 million deferred inflows of resources is another allocation of TSER's cost-sharing pension plan balances and OPEB plan balances. The \$555.1 million increase in deferred inflows is driven by the higher pension and OPEB liabilities related to the difference between projected and actual investment earnings. These deferred inflows for pensions and OPEB are amortized over time as pension expense and OPEB expense.

Net position totaled \$444.6 million, an increase of \$95.5 million as restated over the prior year. Restricted expendable net position increased \$49.7 million, driven by the increase in capital projects funded by capital appropriations and new debt issuance. Also, the increase in endowed professorships due to professorships

reaching their minimum endowment level which allows spending to commence and overall increase in investment return. Restricted nonexpendable net position increased \$14.8 million driven mainly by the increases in gifts for professorships and the state matching for professorships. Unrestricted net position increased by \$3.5 million.

During the current fiscal year, the University implemented GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). As a result of this new accounting and reporting change, participants in the State's OPEB plans, including the University, were allocated a proportionate share of the OPEB plan's net OPEB liabilities/assets, deferred outflows of resources, deferred inflows of resources and OPEB benefit expense, specifically for the Disability Income Plan of North Carolina (DIPNC) and the Retiree Health Benefit Fund (RHBF). For the purpose of reporting actuarial determined OPEB benefit expense for fiscal year 2018, the Statement of Net Position was restated as of June 30, 2017. The amounts for the restatement as well as the amounts for June 30, 2018 were based on the allocated proportionate shares from the State's plans as determined by actuarial valuation and the deferred outflows for current contributions as determined by the participating entity.

Significant to this reporting change was that the OPEB restatement for the RHBF resulted in a significant decrease in the University's June 30, 2017 unrestricted net position by \$1.69 billion, which reduced the University's overall unrestricted net position balance at June 30, 2017 to a negative \$1.47 billion. To understand the continuing impact of the GASB 75 change as of June 30, 2018 and the effect of reporting the proportionate share of the RHBF as well as the University's proportionate share of the State's pension plan on unrestricted net position, Note 11 "Net Position" has been added to the Notes to the Financial Statements. As reported in Note 11, the total impact from reporting the RHBF as well as the pension plan obligations at June 30, 2018 was a negative \$1.77 billion. The difference between the net effect amount reported in Note 11 and the unrestricted net position reported on financial statements (a negative \$1.47 billion) is a positive \$302.3 million. This positive difference represents unrestricted funds held by the University in its institutional trust, special, debt, and investment funds, as well as any unrestricted funds held by the University's blended component units, and also includes any operating state funds authorized for carryforward. More information regarding the GASB 75 change can be located in Note 15 to the financial statements.

As restated, the University's current assets are more than sufficient to cover current liabilities, with a ratio of 2.5 times compared to 2.8 times in the prior year. The University's total assets are more than the University's liabilities with a ratio 1.4 times as compared to 1.1 times in the prior year. These financial ratios are indicators of the University's financial strength and its ability to meet current and long-term obligations.



Statement of Revenues, Expenses, and Changes in Net Position

The *Statement of Revenues, Expenses, and Changes in Net Position* provides information regarding the University's activities for the year ending June 30, 2018. The activity balances are classified as operating, nonoperating, or other revenues, expense, gains or losses. Activities classified as operating include all revenues of the University except those considered nonoperating, or those associated with funds received to enhance capital assets or permanent endowments. Operating expenses are all expenses except those related to interest expense on financing activities, loss on disposal of capital assets, and investment expenses

(shown as net against investment income). Activities classified as nonoperating include state appropriations, noncapital gifts and grants revenue, investment income (net of investment expenses), and gains or losses on disposal of capital assets. Activities classified as other include capital appropriations, gifts, and grants and additions to permanent endowments. Overall, the *Statement of Revenues, Expenses, and Changes in Net Position* provides information to evaluate the University's management of operations and maintenance of financial strength.

Following is a comparative analysis on the condensed balances reported in the *Statement of Revenues, Expenses, and Changes in Net Position* for the fiscal years ended June 30, 2018, and June 30, 2017.

	2018	2017	Change
Operating Revenues			
Student Tuition and Fees, Net	\$ 330,352,213	\$ 307,439,091	\$ 22,913,122
Federal Appropriations	21,625,829	22,562,648	(936,819)
Grants and Contracts	294,193,287	288,284,295	5,908,992
Sales and Services, Net	263,608,903	253,461,699	10,147,204
Other	16,909,824	16,198,009	711,815
Total Operating Revenues	926,690,056	887,945,742	38,744,314
Operating Expenses			
Salaries and Benefits	949,374,759	932,152,864	17,221,895
Supplies and Materials	132,990,562	125,589,349	7,401,213
Services	272,120,504	263,000,838	9,119,666
Scholarships and Fellowships	45,026,871	43,760,379	1,266,492
Utilities	33,344,861	34,128,182	(783,321)
Depreciation/Amortization	98,921,388	95,642,657	3,278,731
Total Operating Expenses	1,531,778,945	1,494,274,269	37,504,676
Net Operating Loss	(605,088,889)	(606,328,527)	1,239,638
Nonoperating Revenues (Expenses)			
State Appropriations	515,352,773	506,418,963	8,933,810
Noncapital Grants - Student Financial Aid	48,459,424	44,532,489	3,926,935
Other Noncapital Grants and Gifts	77,560,949	78,490,487	(929,538)
Investment Income	41,274,045	35,265,691	6,008,354
Other	(24,218,206)	(23,697,523)	(520,683)
Net Nonoperating Revenues	658,428,985	641,010,107	17,418,878
Gain Before Other Revenue	53,340,096	34,681,580	18,658,516
Capital Appropriations, Gifts, and Grants	30,518,036	14,598,596	15,919,440
Additions to Permanent Endowments	11,690,484	9,645,619	2,044,865
Increase in Net Position	95,548,616	58,925,795	36,622,821
Beginning Net Position	349,066,453	1,991,251,678	(1,642,185,225)
Restatement		(1,701,111,020)	1,701,111,020
Ending Net Position	\$ 444,615,069	\$ 349,066,453	\$ 95,548,616

Fiscal year 2017-2018 total revenues are \$1,653,430,195 and total expenses are \$1,557,881,579.

Fiscal year 2016-2017 total revenues are \$1,578,036,517 and total expenses are \$1,519,110,722.



Operating and Nonoperating Activities

The following illustrates the relationships of operating and nonoperating revenue sources and expense functions to total revenue/expenses for the fiscal year 2018 and 2017, and the consistency of relationships between the two years.

OPERATING AND NONOPERATING REVENUES

Title	% to Total 2018	% to Total 2017
State Appropriations	32%	33%
Research Contracts and Grants	18%	19%
Student Tuition and Fees	21%	20%
Sales and Services	16%	16%
Noncapital Grants and Gifts	8%	8%
Federal Appropriations	1%	1%
Other	4%	3%
Total	100%	100%

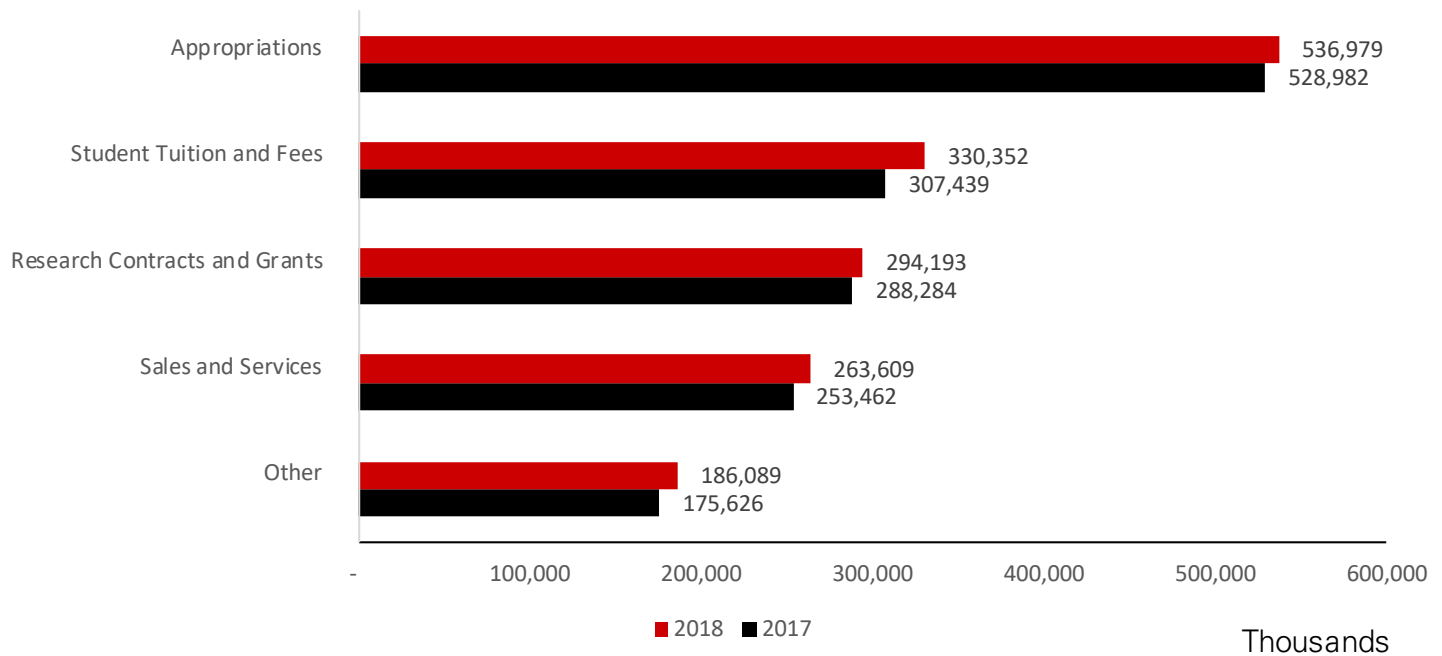
OPERATING AND NONOPERATING EXPENSES

Title	% to Total 2018	% to Total 2017
Instruction	31%	30%
Research	18%	18%
Public Service	8%	8%
Auxiliary Enterprises	12%	12%
Operations & Maintenance of Plant	5%	6%
Academic Support	6%	6%
Institutional Support	7%	7%
Depreciation/Amortization	6%	6%
Student Financial Aid	3%	3%
Student Services	2%	2%
Other	2%	2%
Total	100%	100%

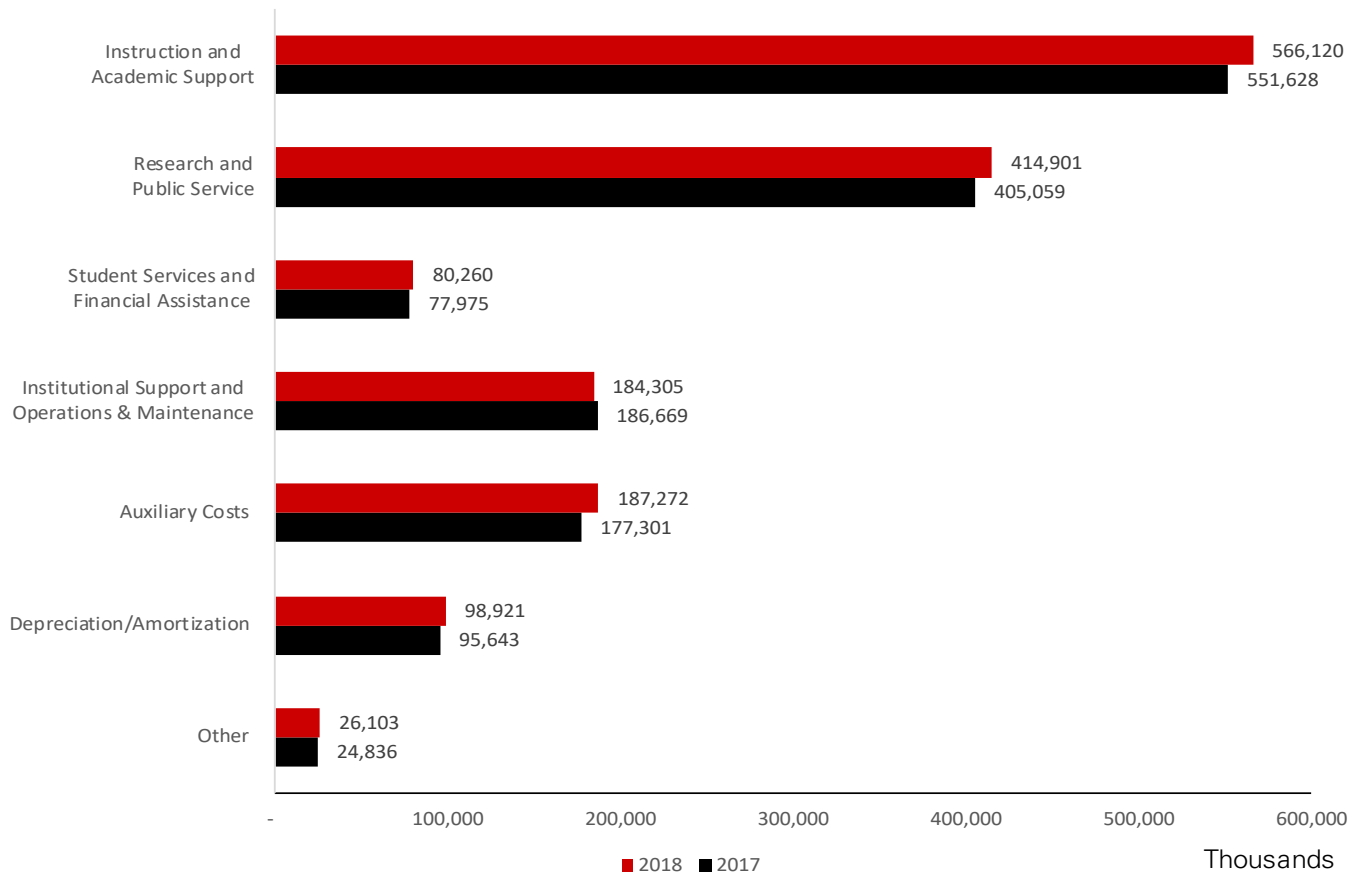


The following graphs illustrate the University's operating and nonoperating revenues/expenses by source/function (in thousands).

OPERATING AND NONOPERATING REVENUES



OPERATING AND NONOPERATING EXPENSES





Total revenues (operating, nonoperating, and other) increased \$74.6 million or 4.7% compared to the prior year. Student tuition and fees increased \$22.9 million, as enrollment increased 6.9% in 2018 and increases in fees due to College of Engineering enhancement fee. Sales and services revenues grew \$10.1 million or 4.0%. Housing grew \$6.0 million due to larger than usual freshman class and a new rule requiring all freshman to live on campus. There were smaller increases in various services including dining, athletics and veterinary services. Research contracts and grants rose by \$5.9 million, mostly in non-governmental contracts and grants. State appropriations increased \$8.9 million and noncapital grants were up \$4.4 million. Investment income increased \$6.0 million due to gains in a positive market. Other activity increased \$18.0 million from the prior year. The increase is primarily an increase in capital grants of \$11.2 million due to increases in construction related bond activity. The University received \$2.4 million more from the State in capital appropriations. Capital gifts increased \$2.3 million, due to receiving more gifts from foundations and additions to permanent endowment were up \$2.0 million. The remaining difference is made up of numerous small items.

Total expenses (operating and nonoperating) increased \$38.8 million or 2.6% compared to the prior year. Salaries and benefits increased \$17.2 million or 1.8% in 2018. The largest salary increases were in instruction, \$4.4 million, auxiliary enterprise, \$4.2 million and research, \$3.8 million. There was a \$1k legislative raise in fiscal year 2018 and other salary increases and the related benefits also contributed to the salaries growth. The next largest increase in expenses was services. Services grew \$9.1 million, driven by an increase in maintenance and service agreements. Instruction and auxiliary enterprise showed the largest increase in services. Supplies and materials increased \$7.4 million due to an increase in overall construction activity from prior year. Interest and fees on

debt increased \$4.7 million due to costs associated with the new bond issuance. As capital assets rose, the related depreciation/amortization expense also increased by \$3.3 million or 3.4%. Partially offsetting this expense increase, other nonoperating expenses decreased \$4.2 million due to pollution remediation for Lot 86 recognized in 2017. The remaining difference is made up of numerous small items.

Capital Assets and Long-Term Debt Activities

Capital Assets

The University capitalizes assets that have a value or cost equal to \$5,000 or greater at the date of acquisition and an estimated useful life of more than one year except for internally generated software which is capitalized when the value or cost is \$1,000,000 or greater and other intangible assets which are capitalized when the value or cost is \$100,000 or greater. Repairs and renovations that do not extend the life of the building beyond the expected useful life at acquisition, or increase the future service potential of the building are expensed and not capitalized.

Machinery and equipment are depreciated over their estimated useful lives, generally 4 to 22 years beginning in the year of acquisition. Buildings and general infrastructure are depreciated over their estimated useful lives, generally 10 to 50 years for buildings and 15 to 75 years for general infrastructure beginning in the year that the construction is completed or, if purchased after construction, when acquired. Computer software is amortized over a useful life of 2 to 15 years. Land, construction in progress, and computer software in development are nondepreciable capital assets. When a construction project is completed, the capital project costs are moved from the construction in progress account to either buildings or general infrastructure as appropriate.





As shown in the following table, the University increased its net capital assets by \$32.6 million during fiscal year 2018.

	2018	2017	Increase/ (Decrease)
Land	\$ 74,815,569	\$ 65,562,092	\$ 9,253,477
Construction in Progress	81,586,636	39,116,700	42,469,936
Computer Software in Development		889,234	(899,234)
Buildings	2,333,867,437	2,302,604,237	31,263,200
Machinery and Equipment	401,631,210	382,078,385	19,552,825
General Infrastructure	214,650,572	208,278,633	6,371,939
Computer Software	29,141,865	25,606,749	3,535,116
Total Capital Assets	3,135,693,289	3,024,136,030	111,557,259
Accumulated Depreciation/ Amorization	(1,081,386,874)	(1,002,472,210)	(78,914,664)
Net Capital Assets	\$ 2,054,306,415	\$ 2,021,663,820	\$ 32,642,595

In addition to costs incurred, the University had \$146,498,677 million in outstanding commitments for construction as of June 30, 2018.

During fiscal year 2018, the University continued construction on new facilities and work on renovations to modernize campus. Funding for these improvements came from funds provided by University debt financing and NC bonds and certificates of participation.

Monteith Research Center Cleanroom Renovations modified 11,715 existing square feet to improve the controllability of space conditions for the first and second floor nano-fabrication cleanroom space in the MRC. Modifications to the HVAC systems and equipment were made with regard to reliability, temperature, humidity control and capacity. Approximately 1,700 SF of new mechanical space was constructed to house new HVAC equipment.

Phase two of five phases completed of the Greek Village redevelopment plan. The scope of the project includes the demolition and redesign of road alignments, utility infrastructure and modifications around several sorority houses. This project prepares building lots for two townhouse buildings, an apartment building and two chapter houses.

Owen Residence Hall completed a renovation for each of the 196 resident rooms. The project includes for each of the 196 resident rooms, replacing the in-room sink with new fixtures, doors and plumbing and abatement work in the renovation area.

The ground floor of Patterson Hall currently houses the University Business Operations Division (UBOD) for the College of Agriculture and Life Sciences (CALS). In an effort to optimize efficiency and provide a full complement of services, this project will renovate the ground floor of Patterson Hall to provide a new centralized location for the CALS UBOD. The project will demolish existing non load-bearing partitions to provide collaborative work spaces on the ground floor. Currently the building is connected to the campus distributed steam loop, and provisions will be made to make a future connection to the distributed chilled water loop.



Long-Term Debt Activities

The University incurs long-term debt to finance construction projects, to purchase equipment, and to pay any pollution costs incurred. As shown in the following table, the University increased its long-term debt during fiscal year 2018.

	2018	As Restated 2017	Increase/ (Decrease)
Bonds Payable	\$ 499,877,810	\$ 519,386,497	\$ (19,508,687)
Notes Payable	65,224,375	68,783,161	(3,558,786)
Capital Leases Payable	556,237	730,815	(174,578)
Pollution Remediation Payable	4,645,973	4,787,228	(141,255)
Total Long-term Liabilities	\$ 570,304,395	\$ 593,687,701	\$ (23,383,306)

Long-term liabilities decreased by \$23.4 million, driven by \$19.5 million decrease in bonds payable. The decrease is due to regular principal payments and the University issuing \$87.2 million in North Carolina State University at Raleigh, General Revenue Bonds, Series 2018. The bonds were issued for a current refunding of \$42.0 million of outstanding North Carolina State University at Raleigh Variable Rate General Revenue Bonds, Series 2003B and \$57.0 million of outstanding North Carolina State University at Raleigh Variable Rate General Revenue Refunding Bonds, Series 2015, both with a variable interest rate. Also, notes payable decreased \$3.6 million due to regular principal payments. The remaining difference is made up of multiple smaller items.

Economic Factors That Will Affect the Future

The State of North Carolina continues to experience steady economic growth. Employment growth is improving as employment markets continue to stabilize. The State's economic growth is projected to keep pace with that of the nation as a whole. The State's unemployment rate dropped to 4.2% as of June 2018. The main drivers of revenue, employment and personal income, remain stable. Employment gains continue to improve prospects for better income growth over the next few years. However, wage growth nationally continues to lag other broad measures of economic activity.

For fiscal 2018-2019, The North Carolina legislature approved additional funding to the UNC System for salary

and benefits increases for SHRA and EHRA employees. Also approved was an increase in the minimum wage to \$15 per hour for all state employees. For fiscal 2018-2019 the University received a modest \$3.9 million one-time increase for repairs and renovations for facilities and infrastructure, \$4.2 million for salary increases, and \$4.4 million for retirement and health insurance rate increases. Campus Initiated Tuition Increases resulted in a \$9.2 million increase in funding. The Enrollment Funding Model in the UNC System also changed, and future funding for enrollment growth will be driven by actual increases rather than projected increases in enrollment. For fiscal 2018-2019 the UNC System received \$48.0 million of continuing appropriations to be allocated to the campuses of the System for enrollment growth. The University is proceeding with two large capital improvement projects partially funded by the Connect NC Bonds. The Engineering Building Oval Project began construction in fiscal 2017-2018, with a total project cost of \$154 million of which \$75 million is coming from the Connect NC Bond. The Plant Sciences Initiatives project should begin construction in the spring of 2019 with a total project cost of \$160.2 million of which \$85 million will also come from the Connect NC Bond.

For fall semester 2018, the University recorded its highest ever enrollment of over 35,000 students. While the University is focused on targeted growth, particularly in graduate and professional education, demand metrics continue to improve, and the fall semester enrollment reflected an increase in the percentage of admitted students who enrolled. The University's projected enrollment growth through 2025 flattens and somewhat stabilizes undergraduate and master's degree enrollment with a focus on growing doctoral enrollment, especially in the STEM (Science, Technology, Engineering, Mathematics) disciplines. The quality of the undergraduate student body continues to increase. Retention and graduation rates continue to improve with graduating student debt at a very modest level among major public research universities. The University continues to be rated as one of the country's best values in higher education.

The University implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in the 2018 fiscal year, and the liability reduced the net position by \$1.69 billion.



UNIVERSITY FINANCIAL STATEMENTS

NORTH CAROLINA
STATE UNIVERSITY

2018 ANNUAL
FINANCIAL REPORT

NORTH CAROLINA STATE UNIVERSITY
Statement of Net Position
June 30, 2018

Exhibit A-1
Page 1 of 2

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 200,751,757
Restricted Cash and Cash Equivalents	138,289,881
Receivables, Net (Note 5)	73,120,863
Due from Primary Government	8,516,596
Due from State of North Carolina Component Units	5,226,059
Due from University Component Units	1,546,825
Inventories	6,263,497
Notes Receivable, Net (Note 5)	<u>2,986,062</u>
Total Current Assets	<u>436,701,540</u>

Noncurrent Assets:

Restricted Cash and Cash Equivalents	141,264,437
Endowment Investments	349,411,888
Restricted Investments	241,079,053
Other Investments	162,051,763
Notes Receivable, Net (Note 5)	8,072,553
Net Other Postemployment Benefit Asset	2,354,190
Capital Assets - Nondepreciable (Note 6)	156,402,205
Capital Assets - Depreciable, Net (Note 6)	<u>1,897,904,210</u>
Total Noncurrent Assets	<u>2,958,540,299</u>

Total Assets	<u>3,395,241,839</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to Pensions	95,716,440
Deferred Outflows Related to Other Postemployment Benefits (Note 15)	<u>40,809,814</u>
Total Deferred Outflows of Resources	<u>136,526,254</u>

LIABILITIES

Current Liabilities:

Accounts Payable and Accrued Liabilities (Note 7)	56,636,147
Due to Primary Government	8,930,185
Due to State of North Carolina Component Units	399,369
Unearned Revenue	57,537,507
Interest Payable	4,250,087
Short-Term Debt (Note 8)	20,130,000
Long-Term Liabilities - Current Portion (Note 9)	<u>28,073,893</u>
Total Current Liabilities	<u>175,957,188</u>

Noncurrent Liabilities:

Deposits Payable	3,976,639
Funds Held for Others	45,733,728
Unearned Revenue	72,357,568
U.S. Government Grants Refundable	3,221,418
Funds Held in Trust for Pool Participants	257,460,313
Long-Term Liabilities, Net (Note 9)	<u>1,963,750,202</u>
Total Noncurrent Liabilities	<u>2,346,499,868</u>

Total Liabilities	<u>2,522,457,056</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred Inflows Related to Pensions	5,778,080
Deferred Inflows Related to Other Postemployment Benefits (Note 15)	<u>558,917,888</u>
Total Deferred Inflows of Resources	<u>564,695,968</u>

NORTH CAROLINA STATE UNIVERSITY
Statement of Net Position
June 30, 2018

Exhibit A-1
Page 2 of 2

NET POSITION

Net Investment in Capital Assets	1,441,226,903
Restricted for:	
Nonexpendable:	
Scholarships and Fellowships	12,921,692
Endowed Professorships	111,222,380
Departmental Uses	11,164,417
Loans	8,477,282
Expendable:	
Scholarships and Fellowships	34,596,410
Research	27,444,441
Endowed Professorships	95,660,246
Departmental Uses	62,800,860
Loans	1,002,542
Capital Projects	81,951,663
Debt Service	17,632,065
Other	4,347,849
Unrestricted	<u>(1,465,833,681)</u>
Total Net Position	<u>\$ 444,615,069</u>

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

NORTH CAROLINA STATE UNIVERSITY
Statement of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2018

Exhibit A-2

REVENUES

Operating Revenues:

Student Tuition and Fees, Net (Note 12)	\$ 330,352,213
Federal Appropriations	21,625,829
Federal Grants and Contracts	165,142,731
State and Local Grants and Contracts	40,308,611
Nongovernmental Grants and Contracts	88,741,945
Sales and Services, Net (Note 12)	263,608,903
Interest Earnings on Loans	249,767
Other Operating Revenues Net, (Note 12)	16,660,057
Total Operating Revenues	926,690,056

EXPENSES

Operating Expenses:

Salaries and Benefits	949,374,759
Supplies and Materials	132,990,562
Services	272,120,504
Scholarships and Fellowships	45,026,871
Utilities	33,344,861
Depreciation/Amortization	98,921,388
Total Operating Expenses	1,531,778,945
Operating Loss	(605,088,889)

NONOPERATING REVENUES (EXPENSES)

State Appropriations	515,352,773
Noncapital Grants - Student Financial Aid	48,459,424
Noncapital Grants	976,193
Noncapital Gifts	76,584,756
Investment Income (Net of Investment Expense of \$1,687,580)	41,274,045
Interest and Fees on Debt	(26,102,634)
Federal Interest Subsidy on Debt	1,140,153
Other Nonoperating Expenses	744,275
Net Nonoperating Revenues	658,428,985
Income Before Other Revenues	53,340,096

Capital Appropriations	8,456,800
Capital Grants	15,345,199
Capital Gifts	6,716,037
Additions to Endowments	11,690,484
Increase in Net Position	95,548,616

NET POSITION

Net Position - July 1, 2017, as Restated (Note 21)	349,066,453
Net Position - June 30, 2018	\$ 444,615,069

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

NORTH CAROLINA STATE UNIVERSITY
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

Exhibit A-3
Page 1 of 2

CASH FLOWS FROM OPERATING ACTIVITIES

Received from Customers	\$ 918,191,538
Payments to Employees and Fringe Benefits	(944,169,835)
Payments to Vendors and Suppliers	(434,837,348)
Payments for Scholarships and Fellowships	(45,026,871)
Loans Issued	(1,893,633)
Collection of Loans	1,923,152
Interest Earned on Loans	251,028
Other Receipts	16,633,824
	<hr/>
Net Cash Used by Operating Activities	(488,928,145)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State Appropriations	515,352,773
Noncapital Grants - Student Financial Aid	48,459,424
Noncapital Grants	523,460
Noncapital Gifts	75,487,931
Additions to Endowments	11,690,484
William D. Ford Direct Lending Receipts	119,599,396
William D. Ford Direct Lending Disbursements	(119,638,894)
Related Activity Agency Receipts	60,744,110
Related Activity Agency Disbursements	(51,879,727)
External Participation in Investment Fund Receipts	54,261,412
External Participation in Investment Fund Disbursements	(21,415,864)
Other Receipts	1,579,322
	<hr/>
Net Cash Provided by Noncapital Financing Activities	694,763,827

CASH FLOWS FROM CAPITAL FINANCING AND RELATED FINANCING ACTIVITIES

Proceeds from Capital Debt	164,597,291
Capital Appropriations	8,456,800
Capital Grants	13,095,730
Capital Gifts	6,633,960
Proceeds from Sale of Capital Assets	1,196,866
Acquisition and Construction of Capital Assets	(125,288,171)
Principal Paid on Capital Debt and Leases	(72,565,399)
Interest and Fees Paid on Capital Debt and Leases	(21,357,392)
Payment to Bond Escrow Agent	(99,165,898)
Federal Interest Subsidy on Debt Received	1,140,153
Other Payments	(6,221,697)
	<hr/>
Net Cash Used by Capital Financing and Related Financing Activities	(129,477,757)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Sales and Maturities of Investments	95,588,431
Investment Income	5,864,824
Purchase of Investments and Related Fees	(115,411,251)
	<hr/>
Net Cash Used by Investing Activities	(13,957,996)

Net Increase in Cash and Cash Equivalents	62,399,929
Cash and Cash Equivalents - July 1, 2017	417,906,146
	<hr/>
Cash and Cash Equivalents - June 30, 2018	\$ 480,306,075

NORTH CAROLINA STATE UNIVERSITY
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

Exhibit A-3
Page 2 of 2

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

Operating Loss	\$ (605,088,889)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation/Amortization Expense	98,921,388
Allowances, Write-Offs, and Amortizations	(446,599)
Changes in Assets and Deferred Outflows of Resources:	
Receivables, Net	(1,129,276)
Due from Primary Government	(987,895)
Inventories	(1,076,382)
Notes Receivable, Net	67,317
Net Other Postemployment Benefits Asset	(44,803)
Deferred Outflows for Pensions	43,320,077
Deferred Outflows for Other Postemployment Benefits	(2,168,166)
Changes in Liabilities and Deferred Inflows of Resources	
Accounts Payable and Accrued Liabilities	4,713,273
Due to Primary Government	380,234
Due to State of North Carolina Component Units	(46,480)
Unearned Revenue	10,523,937
Net Pension Liability	(25,770,902)
Net Other Postemployment Benefits Liability	(568,604,246)
Workers Compensation Liability	(29,670)
Compensated Absences	2,641,618
Deposits Payable	766,507
Deferred Inflows for Pensions	(3,787,076)
Deferred Inflows for Other Postemployment Benefits	558,917,888
Net Cash Used by Operating Activities	<u>\$ (488,928,145)</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS

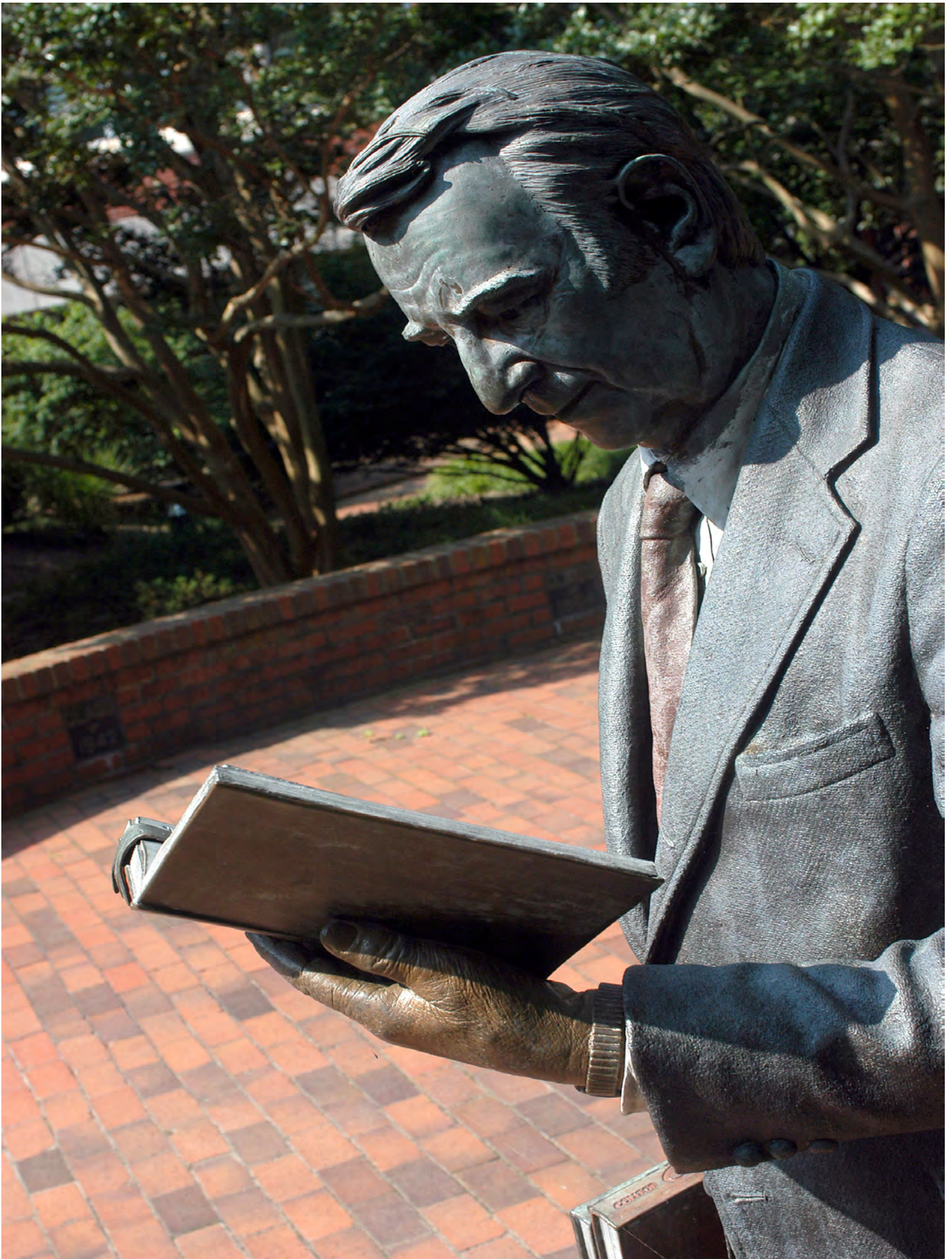
Current Assets:	
Cash and Cash Equivalents	\$ 200,751,757
Restricted Cash and Cash Equivalents	138,289,881
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	<u>141,264,437</u>
Total Cash and Cash Equivalents - June 30, 2018	<u>\$ 480,306,075</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Assets Acquired through the Assumption of a Liability	8,378,983
Assets Acquired through a Gift	82,077
Change in Fair Value of Investments	34,295,981
Loss on Disposal of Capital Assets	(1,019,782)
Bond Issuance Cost Withheld	(168,422)
Amortization of Bond Premiums/Discounts	(1,322,866)
Change in Receivables Related to Nonoperating Income	3,799,028
Change in Payables Related to Nonoperating Income	8,758,116

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

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COMPONENT UNIT FINANCIAL STATEMENTS

NORTH CAROLINA
STATE UNIVERSITY

2018 ANNUAL
FINANCIAL REPORT

**NORTH CAROLINA STATE UNIVERSITY
FOUNDATIONS**
Statement of Financial Position
June 30, 2018

Exhibit B-1

	North Carolina State University Foundation, Inc.	NC State Student Aid Association, Inc.	The North Carolina Agricultural Foundation, Inc.
ASSETS			
Cash and Cash Equivalents	\$ 24,164,604	\$ 9,741,375	\$ 22,750,106
Current Investments		5,422,408	
Intermediate Investments	6,911,708		18,586,619
Long-Term Investments	365,226,093	29,533,984	98,964,370
Closely Held Stock			4,890
Cash Surrender Value of Life Insurance		134,885	
Assets Held in Charitable Trusts and Annuities	3,912,461	1,236,842	
Donated Property and Land	3,611,350		32,735,980
Land and Property Held for Others	1,000,000		
Receivables, Net	124,966	63,557	1,797,551
Pledges Receivable/Promises	32,875,426	14,668,112	4,718,760
Land Held for Investment		710,750	
Prepaid Expenses		25,975	
Cash Restricted for Long-Term Purposes		9,991,209	
Property and Equipment, Net	6,495,459	27,776,581	56,195
Other Assets	260,418		12,652
Total Assets	444,582,485	99,305,678	179,627,123
LIABILITIES			
Accounts Payable and Accrued Expenses	516,209	1,245,542	355,213
Due to University			1,546,825
Due to Others	1,265,394	1,419,114	111,467
Life Income Funds Payable	5,599,807		6,171,845
Deferred Revenue	9,593	3,410,247	90,410
Interest Payable		35,052	
Funds Held for Others	832,343		
Long-Term Debt		12,470,244	
Total Liabilities	8,223,346	18,580,199	8,275,760
NET ASSETS			
Unrestricted	15,069,111	22,236,364	2,689,462
Temporarily Restricted	152,009,385	21,084,289	82,004,919
Permanently Restricted	269,280,643	37,404,826	86,656,982
Total Net Assets	436,359,139	80,725,479	171,351,363
Total Liabilities and Net Assets	\$ 444,582,485	\$ 99,305,678	\$ 179,627,123

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

NORTH CAROLINA STATE UNIVERSITY FOUNDATIONS
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Exhibit B-2

	North Carolina State University Foundation, Inc.	NC State Student Aid Association, Inc.	The North Carolina Agricultural Foundation, Inc.
CHANGES IN UNRESTRICTED NET ASSETS			
Revenues and Gains:			
Contributions	\$ 33,640	\$ 13,192,052	\$ 2,240,368
Clubs Income		188,331	
Donated Services and Salaries	1,534,000		1,375,000
Net Investment Income	1,203,029	2,114,300	4,490
Advertising Income		762,944	
Special Events		246,793	
Interest and Dividends	394,925		523,826
Other Income	1,847,275	112,871	
Gain on Sale of Asset		500	
Net Assets Released from Restrictions: Program or Time Restrictions	19,923,728		13,518,696
Net Assets Released from Restrictions: Facility Improvements		5,704,976	
Total Unrestricted Revenues, Gains and Other Support	24,936,597	22,322,767	17,662,380
Expenses and Losses:			
Scholarships and Fellowships	6,918,213		3,958,220
University Support	6,175,153	13,570,300	6,862,930
University Facilities Support	828,755	7,658,982	1,726,291
Other Contracted Services	1,632,403		
Other Current Services	1,288,679		
Administrative	572,302	881,705	308,000
Fund Raising	4,327,368	2,851,835	2,252,056
Other	1,933,039		2,987,173
Total Expenses	23,675,912	24,962,822	18,094,670
Increase (Decrease) in Unrestricted Net Assets	1,260,685	(2,640,055)	(432,290)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS			
Contributions	17,257,053	3,325,199	9,263,234
Grant Revenue			669,927
Change in Pledges Receivables	(1,493,313)		(315,509)
Donated Property	2,025,000		130,000
Disposal of Other Assets			(779,723)
Vaughn Towers		3,529,730	
Net Investment Income	31,175,173	31,542	8,601,645
Royalties			351,633
Interest and Dividends	236,458		282,948
Other Income	3,622,970		1,346,944
Gain on Sale of Asset		347,821	
Net Assets Released from Restrictions: Program or Time Restrictions	(19,923,728)		(13,518,696)
Net Assets Released from Restrictions: Facility Improvements		(5,704,976)	
Increase in Temporarily Restricted Net Assets	32,899,613	1,529,316	6,032,403
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS			
Contributions	45,709,458	638,824	3,392,867
Change in Pledges Receivable	(29,387,621)		(469,771)
Disposal of Other Assets	43,677		(7,835)
Net Investment Income	3,483,529		379,908
Change in Value of Split Interest Agreements and Trusts	(873,432)	61,280	(134,063)
Interest and Dividends	147,481		77,138
Other Income	287,836		913,803
Increase in Permanently Restricted Net Assets	19,410,928	700,104	4,152,047
Increase (Decrease) in Net Assets	53,571,226	(410,635)	9,752,160
Net Assets at Beginning of Year	382,787,913	81,136,114	161,599,203
Net Assets at End of Year	\$ 436,359,139	\$ 80,725,479	\$ 171,351,363

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



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NOTE 1

Significant Accounting Policies

A. Financial Reporting Entity - The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. North Carolina State University (University) is a constituent institution of the multi-campus University of North Carolina System, which is a component unit of the State of North Carolina and an integral part of the State's *Comprehensive Annual Financial Report*.

The accompanying financial statements present all funds belonging to the University and its component units. While the Board of Governors of the University of North Carolina System has ultimate responsibility, the Chancellor, the Board of Trustees, and the Board of Trustees of the Endowment Fund have delegated responsibilities for financial accountability of the University's funds. The University's component units are either blended or discretely presented in the University's financial statements. See below for further discussion of the University's component units. Other related foundations and similar nonprofit corporations for which the University is not financially accountable are not part of the accompanying financial statements.

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

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

The Corporation is governed by a five member Board of Directors appointed based on their positions held with North Carolina State University. Additional members of the board may be appointed by the Chancellor of North Carolina State University. The Corporation's purpose is to support and benefit the University with the aims of creating new knowledge and improving the lives of the

people of North Carolina. The Corporation formed NC State University Centennial Development, LLC on January 25, 2002 to construct, own and operate a golf course located on the North Carolina State University Centennial Campus. In addition, the Corporation formed NC State Upfit, LLC on October 27, 2006 to develop, construct, own, finance, manage and otherwise upfit facilities and other infrastructure on Centennial Campus. Also, the Corporation formed NC State CBC Land I, LLC on June 1, 2007 to acquire, develop, own, lease, hold, manage, sell, and otherwise exercise all right of ownership of land and flex lab facilities on Centennial Biomedical Campus. Additionally, the Corporation formed NC State American Home, LLC on August 8, 2007 and changed its name to Bell Tower Holdings LLC on December 14, 2009. The purposes of Bell Tower Holdings LLC are to acquire, develop, own, lease, hold, manage, sell and otherwise exercise all right of ownership of real property and enter into any related agreements for assisting with the acquisition, development, financing, construction, management and operation of real property. On March 31, 2008 the Corporation formed NC State CC Holdings I, LLC to acquire, develop, own, lease, hold, manage, sell and otherwise exercise all right of ownership of land and facilities on Centennial Campus. Leaders in Innovation and Nonwovens Commercialization, LLC (LINC), was established on July 9, 2012 to foster economic development and creation of new knowledge by facilitating commercialization of technologies developed at the Nonwovens Institute at NC State University. On September 27, 2016 the Corporation established the Wolfpack Investor Network, LLC (WIN) to connect the NC State alumni network with the NC State entrepreneurial community. Because the Corporation's Board consists of University employees and members appointed by the Chancellor and its sole purpose is to support and benefit the University, the Corporation and the LLCs are considered part of the University for financial reporting purposes.

Separate financial statements for the Investment Fund and for the Corporation may be obtained from the Foundations Accounting and Investments Office, Campus Box 7207, Raleigh, NC 27695, or by calling (919) 513-7149. Other related foundations and similar non-profit corporations for which the University is not financially accountable are not part of the accompanying financial statements.

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

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

The Foundation, Athletic Club and Agricultural Foundation are legally separate, tax-exempt component units of the

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

The Foundation, Athletic Club and Agricultural Foundation are private nonprofit organizations that report their financial results under Financial Accounting Standards Board (FASB) Codifications. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to their financial information in the University's financial reporting entity for these differences.

During the year ended June 30, 2018, the Foundation distributed \$18,035,298 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundations Accounting and Investments Office, Campus Box 7207, Raleigh, NC 27695, or by calling (919) 513-7149.

During the year ended June 30, 2018, the Athletic Club distributed \$15,329,676 to the University for both restricted and unrestricted purposes. Complete financial statements for the Athletic Club can be obtained from the NC State Student Aid Association, P.O. Box 37100, Raleigh, NC 27627, or by calling (919) 865-1500.

During the year ended June 30, 2018, the Agricultural Foundation distributed \$15,569,571 to the University for both restricted and unrestricted purposes. Complete financial statements for the Agricultural Foundation can be obtained from the Foundations Accounting and Investments Office, Campus Box 7207, Raleigh, NC 27695, or by calling (919) 513-7149.

B. Basis of Presentation - The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the 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*, 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, money market 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.

Restricted investments include funds of affiliated entities that are neither part of the University's reporting entity nor reported discretely but invested through the Investment Fund.

F. Receivables - Receivables consist of tuition and fees charged to students and charges for auxiliary enterprises' sales and services. Receivables also include amounts due from the federal government, state and local governments and private sources in connection with reimbursement of allowable expenditures made pursuant

to contracts and grants. Receivables are recorded net of estimated uncollectible amounts.

G. Inventories - Inventories, consisting of expendable supplies and merchandise for resale, are valued at cost using the first-in, first-out method. Exceptions are the bookstore, which uses the retail inventory method, and physical plant, which uses the moving weighted average method.

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

The University capitalizes assets that have a value or cost of \$5,000 or greater at the date of acquisition and an estimated useful life of more than one year except for internally generated software which is capitalized when the value or cost is \$1,000,000 or greater and other intangible assets which are capitalized when the value or cost is \$100,000 or greater.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets in the following manner:

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

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

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. Funds Held in Trust for Pool Participants - Funds held in trust for pool participants represent the

external portion of the University's governmental external investment pool more fully described in Note 2.

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. Long-term debt includes: revenue bonds payable, notes payable, capital leases payable and pollution remediation payable. Other long-term liabilities include: compensated absences, net pension liability, net other postemployment benefits (OPEB) liability, and worker's compensation.

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

The net pension liability represents the University's proportionate share of the collective net pension liability reported in the State of North Carolina's 2017 *Comprehensive Annual 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 2017 *Comprehensive Annual Financial Report*. This liability represents the University's portion of the collective total OPEB liability less the fiduciary net position of the Retiree Health Benefit Fund. See Note 15 for further information regarding the University's policies for recognizing liabilities, expenses, deferred outflows of resources, and deferred inflows of resources related to OPEB.

L. Compensated Absences - The University'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 - In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The University has the following items that qualify for reporting in this category: deferred outflows related to pensions and deferred outflows related to other postemployment benefits.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The University has the following items that qualify for reporting in this category: deferred inflows related to pensions and deferred inflows related to other postemployment benefits.

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, 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 Central Stores, the Creamery, Telecommunications, Physical Plant, and Motor Pool. In addition, the University has other miscellaneous sales and service units that operated either on a reimbursement or charge basis. All internal sales activities to University departments from auxiliary operations and sales and service units have been eliminated in the accompanying financial statements. These eliminations are recorded by removing the revenue and expense in the auxiliary operations and sales and service units and, if significant, allocating any residual balances to those departments receiving the goods and services during the year.

NOTE 2

Deposits and Investments

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

At June 30, 2018, the amount shown on the Statement of Net Position as cash and cash equivalents includes \$476,983,998, 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, 2018. 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, 2018 was \$447,694. The carrying amount of the University's deposits not with the State Treasurer was \$2,874,383, and the bank balance was \$3,006,509. 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 follows the Cash Management Plan (Plan) approved by the North Carolina Office of the State Controller. As provided by the Plan, imprest checking accounts are established with outside banks when considered effective in meeting management objectives. All imprest checking accounts are authorized by the University Treasurer and are limited to the minimum amount needed for sanctioned purposes. In addition, pursuant to G.S. 116-36(e), the University invests certain endowment funds with outside bank accounts. The University does not have a deposit policy for custodial credit risk. As of June 30, 2018, the University's bank balance exposed to custodial credit risk (amounts that are uninsured and uncollateralized) was \$2,048,818.

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

Additionally, the University has also been delegated authority by the President of the University of North Carolina pursuant to G.S. 116-36.1 and Section 600.2.4.1 of the Policy Manual of the University of North Carolina to invest its trust funds in the same manner as the State Treasurer is required to invest, as discussed below.

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

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

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

Investments of the Endowment Fund, including those invested in the Investment Fund, a University component unit, are subject to and restricted by G.S. 36E "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) and any requirements placed on them by contract or donor agreements.

Investments of various funds may be pooled unless prohibited by statute or by terms of the gift or contract. The University utilizes investment pools to manage investments and distribute investment income.

Investments are subject to the following risks as defined by GASB Statement No. 40, *Deposit and Investment Risk Disclosures – An Amendment of GASB Statement No. 3*.

Interest Rate Risk: Interest rate risk is the risk the University may face should interest rate variances affect the value of investments. The University does not have a formal policy that addresses interest rate risk.

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

Investment Fund – The Investment Fund began operations in April 1999 and is classified as a non-rated 2a7-like governmental external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The Endowment Fund of North Carolina State University, The North Carolina Agriculture Foundation, Inc., and the North Carolina State University Foundation, Inc. represent the Investment Fund's internal participants. The North Carolina Agricultural Foundation, Inc. and the North Carolina State University Foundation, Inc. are discretely presented component

units in the accompanying financial statements. Other affiliated organizations not included in the University's reporting entity represent the Investment Fund's external participants. The external portion of the Investment Fund is presented in the accompanying financial statements as "Funds Held in Trust for Pool Participants." The Investment Fund includes the Long-Term Investment Pool (LTIP) and the Intermediate Term Fund (ITF) which was established on July 3, 2014 for the collective investment of the participants' excess operating funds.

The Investment Fund is not subject to any formal oversight other than that provided by the Investment Fund Members Board or its Board of Directors. The Members Board is responsible for adopting investment objectives and policies and for monitoring policy implementation and investment performance. The Members Board has chosen not to make individual security selection decisions. The Board of Directors has the responsibility to oversee the allocation of the Investment Fund's portfolio among the asset classes, investment vehicles, and investment managers. Authority to manage the ITF in accordance with the investment policy has been granted jointly to the University's Vice Chancellor and Associate Vice Chancellor for Finance and Administration.

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

The following table presents investments by type and investments subject to interest rate risk at June 30, 2018, for the Investment Fund.

INVESTMENT FUND

Investment Type	Investment Maturities (in Years)			
	Amount	Less		
		Than 1	1 to 5	6 to 10
Debt Securities				
Collective Investment Funds	\$ 92,583,326	\$ 67,492,922	\$ 9,310,211	\$ 15,780,193
Debt Mutual Funds	184,100,714		111,417,010	72,683,704
Total Debt Securities	276,684,040	<u>\$ 67,492,922</u>	<u>\$ 120,727,221</u>	<u>\$ 88,463,897</u>
Other Securities				
UNC Investment Fund	\$ 881,375,007			
Private Equity Limited Partnerships	18,578,174			
Total Investment Fund	<u>\$ 1,176,637,221</u>			

At June 30, 2018, investments in the Investment Fund had the following credit quality distribution for securities with credit exposure (based on S&P rating):

		AAA	AA		BB/Ba and		
	Amount	Aaa	Aa	A	Below	Unrated	Exempt
Collective Investment Funds	\$ 92,583,326	\$ 8,846,846	\$ 15,780,193	\$ 0	\$ 463,365	\$ 0	\$ 67,492,922
Debt Mutual Funds	184,100,714			111,417,010	27,144,206	45,539,498	
Totals	\$ 276,684,040	\$ 8,846,846	\$ 15,780,193	111,417,010	\$ 27,607,571	\$ 45,539,498	\$ 67,492,922

UNC Investment Fund, LLC - At June 30, 2018, the University's investments include \$881,375,007, 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, 2018, for the University's non-pooled investments.

NON-POOLED INVESTMENTS

Investment Type	Amount	Investment Maturities (in Years)
		Less Than 1
Debt Securities		
Money Market Mutual Funds	\$ 1,609	\$ 1,609
Other Securities		
Domestic Stocks	290,584	
Collections and Mineral Rights	65,134	
Total Non-Pooled Investments	\$ 357,327	

At June 30, 2018, the University's non-pooled investments had the following credit quality distribution for securities with credit exposure (based on Moody's and S&P ratings):

	Amount	AAA Aaa
Money Market Mutual Funds	\$ 1,609	\$ 1,609

Total Investments - The following table presents the total investments at June 30, 2018:

Investment Type	Amount
Debt Securities	
Collective Investment Funds	\$ 92,583,326
Debt Mutual Funds	184,100,714
Money Market Mutual Funds	1,609
Other Securities	
UNC Investment Fund	881,375,007
Private Equity Limited Partnerships	18,578,174
Domestic Stocks	290,584
Collections and Mineral Rights	65,134
Total Investments	\$ 1,176,994,548

Total investments include \$424,451,844 held in the Investment Fund for the North Carolina State University Foundation, Inc. and The North Carolina Agricultural Foundation, Inc. This amount is excluded from the University prepared financial statements and included in the accompanying component unit financial statements.

NOTE 3**Fair Value Measurements**

To the extent available, the University's investments are recorded at fair value as of June 30, 2018. 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 or liabilities 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 or liability, either directly or indirectly.
Level 3	Investments classified as Level 3 have unobservable inputs for an asset or liability 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, 2018:

	Fair Value Measurements Using			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investment by Fair Value Level				
Debt Securities				
Collective Investment Funds	\$ 92,583,326	\$ 92,583,326	\$ 0	0
Debt Mutual Funds	184,100,714	184,100,714		
Money Market Mutual Funds	1,609	1,609		
Total Debt Securities	276,685,649	276,685,649		
Other Securities				
Domestic Stocks	290,584			290,584
Total Investments by Fair Value Level	276,976,233	\$ 276,685,649	\$ 0	290,584
Investments Measured at the Net Asset Value (NAV)				
Private Equity Limited Partnerships	18,578,174			
Collection and Mineral Rights	65,134			
Total Investments Measured at the NAV	18,643,308			
Investments as a Position in an External Investment Pool				
Short-Term Investment Fund	476,983,998			
UNC Investment Fund	881,375,007			
Total Investments by Fair Value Level	1,358,359,005			
Total Investments Measured at Fair Value	\$ 1,653,978,546			

Short-Term Investment Fund - Ownership interest of the STIF is 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 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 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.

Domestic Stock - Domestic stock classified as Level 3 of the fair value hierarchy are valued at book value. There is no readily determinable fair value.

The following table presents the valuation of investments measured at the Net Asset Value (NAV) per share (or its equivalent) at June 30, 2018.

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private Equity Limited Partnerships ^A	\$ 18,578,174	\$ 39,378,275	n/a	n/a
Collection and Mineral Rights ^B	65,134	n/a	n/a	n/a
Total Investments Measured at the NAV	\$ 18,643,308			

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

B. Art Collection: The Kamphoefner art collection, with an estimated value of \$27,300, was gifted to the Endowment Fund in 1979. This collection is to be held for the use of the D. H. Hill Library at NC State University.

Mineral Rights: Virginia Rock and Mineral rights were gifted to the Endowment Fund in 1987. This was a gift for the use of the NC State Geology Department. There have been three sales of these mineral rights since the original receipt of the gift. The most recent sale from July 2016 was used to adjust the value per acre.

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, or applicable State of North Carolina law. However, a majority of the University's endowment donor agreements prohibit spending of nonexpendable balances and therefore the related nonexpendable balances are not eligible for expenditure. During the year, the Board did not appropriate expenditures from eligible nonexpendable endowment funds.

Investment return of the University's endowment funds is predicated on the total return concept (yield plus appreciation). Annual payouts from the University pooled

endowment funds are determined by applying 4% (the Board approved spending rate) to the average market value of the long term investment pool (for a twenty quarter period), divided by the number of investment units in the pool to determine the "average spending amount" per unit of investment. The individual endowment fund payout or spending budget is then determined by applying the "average spending amount" to the number of investment units held by the individual endowment fund. To the extent that the total return for the current year exceeds the payout, the excess is added to principal. If current year earnings do not meet the payout requirements, the University uses accumulated income and appreciation from restricted and unrestricted, expendable net asset endowment balances to make up the difference. At June 30, 2018, net appreciation of \$194,568,287 was available to be spent, of which \$174,191,709 was classified in net position as Restricted, Expendable: Scholarships and Fellowships, Restricted Expendable: Endowed Professorships, and Restricted Expendable: Departmental Uses, as it is restricted to specific purposes. The remaining portion of net appreciation available to be spent is classified as unrestricted net assets.

NOTE 5**Receivables**

Receivables at June 30, 2018, were as follows:

	Gross Receivables	Less Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	\$ 2,638,552	\$ 1,434,991	\$ 1,203,561
Student Sponsors	2,043,676		2,043,676
Accounts	30,005,996	1,200,321	28,805,675
Intergovernmental	40,716,669		40,716,669
Interest on Loans	521,878	476,267	45,611
Federal Interest Subsidy on Debt	305,671		305,671
Total Current Receivables	\$ 76,232,442	\$ 3,111,579	\$ 73,120,863
Notes Receivable:			
Notes Receivable - Current:			
Federal Loan Programs	\$ 2,624,365	\$ 10,592	\$ 2,613,773
Institutional Student Loan Programs	374,558	2,269	372,289
Total Notes Receivable - Current	\$ 2,998,923	\$ 12,861	\$ 2,986,062
Notes Receivable - Noncurrent:			
Federal Loan Programs	\$ 8,738,609	\$ 729,352	\$ 8,009,257
Institutional Student Loan Programs	219,730	156,434	63,296
Total Notes Receivable - Noncurrent	\$ 8,958,339	\$ 885,786	\$ 8,072,553

NOTE 6**Capital Assets**

A summary of changes in the capital assets for the year ended June 30, 2018, is presented as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital Assets, Nondepreciable:				
Land	\$ 65,562,092	\$ 9,253,477	0	\$ 74,815,569
Construction in Progress	39,116,700	85,097,144	42,627,208	81,586,636
Computer Software in Development	889,234	2,645,882	3,535,116	-
Total Capital Assets, Nondepreciable	105,568,026	96,996,503	46,162,324	156,402,205
Capital Assets, Depreciable:				
Buildings	2,302,604,237	36,255,270	4,992,070	2,333,867,437
Machinery and Equipment	382,078,385	36,784,126	17,231,301	401,631,210
General Infrastructure	208,278,633	6,371,939		214,650,572
Computer Software	25,606,749	3,535,116		29,141,865
Total Capital Assets, Depreciable	2,918,568,004	82,946,451	22,223,371	2,979,291,084
Less Accumulated Depreciation/Amortization for:				
Buildings	689,997,600	65,848,824	4,051,796	751,794,628
Machinery and Equipment	228,801,749	23,714,112	15,954,928	236,560,933
General Infrastructure	68,702,885	5,193,703		73,896,588
Computer Software	14,969,976	4,164,749		19,134,725
Total Accumulated Depreciation/Amortization	1,002,472,210	98,921,388	20,006,724	1,081,386,874
Total Capital Assets, Depreciable, Net	1,916,095,794	(15,974,937)	2,216,647	1,897,904,210
Capital Assets, Net	\$ 2,021,663,820	\$ 81,021,566	48,378,971	\$ 2,054,306,415

During the year ended June 30, 2018, the University incurred \$22,305,359 in interest costs related to the acquisition and construction of capital assets. Of this total, \$21,027,176 was charged in interest expense, and \$1,278,183 was capitalized.

NOTE 7**Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities at June 30, 2018, were as follows:

	Amount
Current Accounts Payable and Accrued Liabilities	
Accounts Payable	\$ 21,565,531
Accounts Payable-Capital Assets	16,259,058
Accrued Payroll	6,401,317
Contract Retainage	2,314,079
Other	10,096,162
Total Current Accounts Payable and Accrued Liabilities	\$ 56,636,147

NOTE 8**Short-Term Debt - Commercial Paper Program And Line of Credit**

The University has available Commercial Paper Program financing for short-term debt credit up to \$100,000,000 to finance capital construction projects. The University's available funds are pledged to the Commercial Paper Program financing with the anticipation of converting to general revenue bond financing in the future. As of June 30, 2018, \$20,000,000 in Taxable Commercial Paper was outstanding.

The NC State University Partnership Corporation, through the NC State University Centennial Development LLC has available a Line of Credit, from SunTrust Bank, up to \$250,000 for operations at the Lonnie Poole Golf Course. The line is unsecured and must maintain a zero balance for at least 30 consecutive days during each twelve months. As of June 30, 2018, \$130,000 was outstanding.

Short-term debt activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Draws	Repayments	Balance June 30, 2018
Commercial Paper Program	\$ 5,000,000	\$ 65,000,000	\$ 50,000,000	\$ 20,000,000
Partnership Corporation - Line of Credit	145,000	180,000	195,000	130,000
Total Short-Term Debt	\$ 5,145,000	\$ 65,180,000	\$ 50,195,000	\$ 20,130,000

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, 2018, is presented as follows:

	Balance July 1, 2017 (As restated)	Additions	Reductions	Balance June 30, 2018	Current Portion
Long-Term Debt					
Revenue Bonds Payable	\$ 498,543,952	\$ 87,165,000	\$ 117,630,636	\$ 468,078,316	\$ 18,326,019
Plus: Unamortized Premium	20,842,545	12,279,814	1,322,865	31,799,494	
Total Revenue Bonds Payable, Net	519,386,497	99,444,814	118,953,501	499,877,810	18,326,019
Notes Payable	68,783,161		3,558,786	65,224,375	4,012,877
Capital Leases Payable	730,815	31,400	205,978	556,237	211,592
Pollution Remediation Payable	4,787,228		141,255	4,645,973	102,711
Total Long-Term Debt	593,687,701	99,476,214	122,859,520	570,304,395	22,653,199
Other Long-Term Liabilities					
Compensated Absences	68,832,460	43,488,399	40,846,781	71,474,078	3,403,898
Net Pension Liability	202,388,385		25,770,902	176,617,483	
Net Other Postemployment Benefit Liability	1,730,004,018		568,604,246	1,161,399,772	
Workers' Compensation	12,058,037	3,771,214	3,800,884	12,028,367	2,016,796
Total Other Long-Term Liabilities	2,013,282,900	47,259,613	639,022,813	1,421,519,700	5,420,694
Total Long-Term Liabilities, Net	\$ 2,606,970,601	\$ 146,735,827	\$ 761,882,333	\$ 1,991,824,095	\$ 28,073,893

Additional information regarding capital lease obligations 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 is included in Note 15.

B. Revenue Bonds Payable and Special Indebtedness - The University was indebted for revenue bonds payable for the purposes shown in the following table:

Purpose	Series	Interest Rate/ Ranges	Final Maturity Date	Original Amount of Issue	Principal Paid Through June 30, 2018	Principal Outstanding June 30, 2018
GENERAL REVENUE						
Various Construction Projects	2008B	4% - 4.25%	10/01/2020	\$ 26,955,000	\$ 26,035,000	\$ 920,000
Various Construction Projects	2010A	4% - 5%	10/01/2022	18,065,000	9,780,000	8,285,000
Various Construction Projects	2010B	5.079% - 6.027% **	10/01/2035	59,565,000		59,565,000
Advance Refund Series 2003A	2012	4% - 5%	10/01/2018	16,265,000	12,705,000	3,560,000
Adv Refund 2005A/Wolf Ridge Housing	2013A	2% - 5%	10/01/2042	132,440,000	4,640,000	127,800,000
Adv Refund 2005A/Talley Student Union	2013B	1.164% - 4%	10/01/2041	141,650,000	7,210,000	134,440,000
Various Construction Projects	2017	2.58%	10/01/2031	50,438,952	4,095,636	46,343,316
Refund 2013B and 2015	2018	2% - 5%	10/01/2028	87,165,000		87,165,000
Total Revenue Bonds Payable (principal only)				\$ 532,543,952	\$ 64,465,636	\$ 468,078,316
Plus: Unamortized Premium						31,799,494
Total Revenue Bonds Payable, Net						\$ 499,877,810

*The University has elected to treat these bonds as federally taxable "Build America Bonds" for the purposes of the American Recovery and Reinvestment Act and to receive a cash subsidy from the U.S. Treasury equal to 32% of the interest payable on these bonds. For these bonds, the interest rate included is the taxable rate, which does not factor in the cash subsidy from the U.S. Treasury.

C. Annual Requirements - The annual requirements to pay principal and interest on the long-term obligations at June 30, 2018, are as follows:

Fiscal Year	Annual Requirements			
	Revenue Bonds Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2019	\$ 18,326,019	\$ 19,155,577	\$ 4,012,877	\$ 2,458,647
2020	17,923,469	19,574,794	4,505,104	2,296,412
2021	18,406,318	18,880,716	4,987,707	2,114,936
2022	18,823,612	18,126,036	5,500,029	1,913,907
2023	19,583,840	17,353,080	6,085,066	1,691,346
2024-2028	103,147,826	73,807,919	39,068,554	4,341,238
2029-2033	104,457,232	47,112,599	1,065,038	5,117
2034-2038	74,930,000	27,977,693		
2039-2043	92,480,000	10,438,050		
Total Requirements	\$ 468,078,316	\$ 252,426,464	\$ 65,224,375	\$ 14,821,603

D. Bond Defeasance - The University has extinguished long-term debt obligations by the issuance of new long-term debt instruments as follows:

On June 28, 2018, the University issued \$87,165,000 in North Carolina State University at Raleigh, General Revenue Refunding Bonds, Series 2018 bonds with a true interest cost of 2.31%. The bonds were issued for a current refunding of \$41,985,000 of outstanding North Carolina State University at Raleigh Variable Rate General Revenue Bonds, Series 2003B and \$57,040,000 of outstanding North Carolina State University at Raleigh Variable Rate General Revenue Refunding Bonds, Series 2015, both with a variable interest rate. The refunding was undertaken to eliminate variable rate risk from the debt portfolio, and resulted in a book loss of \$419,814.

E. Notes Payable - The University was indebted for notes payable for the purposes shown in the following table:

Purpose	Financial Institution	Interest Rate/ Ranges	Final Maturity Date	Amount of Issue	Principal Paid Through June 30, 2018	Compounded Interest	Principal Outstanding June 30, 2018
Energy Conservation Loan	BB&T	3.245%	09/01/2028	\$ 19,700,703	\$ 4,698,690	\$ 707,470	\$ 15,709,483
Energy Conservation Loan	Bank of America	4.07%	08/17/2028	56,060,010	10,068,056	3,522,938	49,514,892
Total Notes Payable				\$ 75,760,713	\$ 14,766,746	\$ 4,230,408	\$ 65,224,375

F. Pollution Remediation Payable - The University has recognized a pollution remediation liability for remediation of Lot 86 which the University used as a burial site for hazardous chemical and low level radioactive waste generated in the University's laboratories. The amount of the estimated liability is \$4,645,973. This estimate was calculated at its expected amount, using the expected cash flow technique. This liability could change over time due to changes in cost of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort.

NOTE 10**Lease Obligations**

A. Capital Lease Obligations - Capital lease obligations relating to equipment are recorded at the present value of the minimum lease payments. Future minimum lease payments under capital lease obligations consist of the following at June 30, 2018:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 247,201
2020	222,709
2021	133,853
2022	<u>20,112</u>
Total Minimum Lease Payments	623,875
Amount Representing Interest (10.84% Rate of Interest)	<u>67,638</u>
Present Value of Future Lease Payments	<u>\$ 556,237</u>

Machinery and equipment acquired under capital lease amounted to \$978,676 at June 30, 2018.

Depreciation for the capital assets associated with capital leases is included in depreciation expense, and accumulated depreciation for assets acquired under capital lease totaled \$468,320 at June 30, 2018.

B. Operating Lease Obligations - The University entered into operating leases for equipment and property rental. Future minimum lease payments under noncancelable operating leases consist of the following at June 30, 2018:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 11,368,346
2020	10,433,127
2021	8,744,476
2022	8,412,008
2023	7,469,877
2024-2028	27,700,087
2029-2033	<u>4,350,486</u>
Total Minimum Lease Payments	<u>\$ 78,478,407</u>

Rental expense for all operating leases during the year was \$14,262,674.

NOTE 11**Net Position**

The deficit in unrestricted net position of \$(1,465,833,681) has been significantly affected by transactions that resulted in the recognition of deferred outflows of resources and deferred inflows of resources. A summary of the balances reported within unrestricted net position relating to the reporting of net pension liability and net other postemployment benefits (OPEB) liability, and the related deferred outflows of resources and deferred inflows of resources is presented as follows:

	<u>TSERS</u>	<u>Retiree Health Benefit Fund</u>	<u>Total</u>
Deferred Outflows Related to Pensions	\$ 95,716,440	\$	\$ 95,716,440
Deferred Outflows Related to OPEB		38,751,588	38,751,588
Noncurrent Liabilities:			
Long-Term Liabilities:			
Net Pension Liability	176,617,483		176,617,483
Net OPEB Liability		1,161,399,772	1,161,399,772
Deferred Inflows Related to Pensions	5,778,080		5,778,080
Deferred Inflows Related to OPEB		558,853,321	558,853,321
Effect on Unrestricted Net Position	<u>\$ (86,679,123)</u>	<u>\$ (1,681,501,505)</u>	<u>\$ (1,768,180,628)</u>

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

NOTE 12**Revenues**

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

	Gross Revenues	Internal Sales Eliminations	Less Scholarship Discounts	Less Allowance for Uncollectibles	Net Revenues
Operating Revenues:					
Student Tuition and Fees, Net	\$ 432,312,275	\$ 450,827	\$ 101,220,322	\$ 288,913	\$ 330,352,213
Sales and Services, Net	\$ 364,130,606	\$ 77,609,230	\$ 22,663,384	\$ 249,089	\$ 263,608,903
Other Operating Revenues, Net	\$ 21,923,399	\$ 5,263,342	\$ 0	\$ 0	\$ 16,660,057

NOTE 13**Operating Expenses by Function**

The University's operating expenses by functional classification are presented as follows:

	Salaries and Benefits	Supplies and Materials	Services	Scholarships and Fellowships	Utilities	Depreciation/ Amortization	Total
Instruction	\$ 398,034,617	\$ 27,494,173	\$ 48,666,240	\$ 0	\$ 5,129	\$ 0	\$ 474,200,159
Research	181,988,584	23,198,114	77,807,388		905,236		283,899,322
Public Service	87,947,552	12,916,236	29,638,440		499,762		131,001,990
Academic Support	48,459,936	19,742,322	23,564,621		152,475		91,919,354
Student Services	22,008,377	2,201,406	8,047,270		423,619		32,680,672
Institutional Support	79,814,760	3,467,670	19,407,729		2,696		102,692,855
Operations and Maintenance of Plant	39,332,877	8,385,329	9,783,284		24,111,147		81,612,637
Student Financial Aid	1,341,970	19,035	1,191,139	45,026,871			47,579,015
Auxiliary Enterprises	90,446,086	35,566,277	54,014,393		7,244,797		187,271,553
Depreciation/Amortization						98,921,388	98,921,388
Total Operating Expenses	\$ 949,374,759	\$ 132,990,562	\$ 272,120,504	\$ 45,026,871	\$ 33,344,861	\$ 98,921,388	\$ 1,531,778,945

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 full retirement benefits at age 65 with five years of creditable 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 partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable 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 or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Contributions: Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Employees 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 based on the actuarially-determined rate recommended by the actuary. The University's contractually-required contribution rate for the year ended June 30, 2018 was 10.78% of covered payroll. Employee contributions to the pension

plan were \$19,895,698, and the University's contributions were \$35,745,937 for the year ended June 30, 2018.

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 2017 *Comprehensive Annual 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 were 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. The plan's fiduciary net position was determined on the same basis used by the pension plan.

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 are the sole participants 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 market 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 2017 *Comprehensive Annual Financial Report*.

Net Pension Liability: At June 30, 2018, the University reported a liability of \$176,617,483 for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, and update procedures were used to roll forward the total pension liability to June 30, 2017. The University's proportion of the net pension liability was based on the present value of future salaries for the University relative to the present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2017, the University's proportion was 2.22596%, which

was an increase of 0.02394 from its proportion measured as of June 30, 2016, which was 2.20202%.

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	12/31/2016
Inflation	3%
Salary Increases*	3.50% - 8.10%
Investment Rate of Return**	7.20%

* Salary increases include 3.5% inflation and productivity factor

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

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. population. The mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2016 valuations were based on the results of an actuarial experience review for the period January 1, 2010 through December 31, 2014.

Future ad hoc Cost of Living Adjustment (COLA) 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 tar-

get asset allocation as of June 30, 2017 (the valuation date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	1.4%
Global Equity	5.3%
Real Estate	4.3%
Alternatives	8.9%
Opportunistic Fixed Income	6.0%
Inflation Sensitive	4.0%

The information in the preceding table is based on 30-year expectations developed with the consulting actuary 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 3.05%. 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, 2017 is 1.3%.

Discount Rate: The discount rate used to measure the total pension liability was lowered from 7.25% to 7.20% for the December 31, 2016 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, 2017 calculated using the discount rate of 7.20%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.20%) or 1-percentage point higher (8.20%) than the current rate:

Net Pension Liability			
1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)	
\$ 363,551,890	\$ 176,617,483	\$ 19,990,278	

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended June 30, 2018, the University recognized pension expense of \$49,783,358. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions 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	\$ 3,828,740	\$ 5,778,080
Changes of Assumptions	27,902,898	
Net Difference Between Projected and Actual Earnings on Plan Investments	23,902,336	
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	4,336,529	
Contributions Subsequent to the Measurement Date	35,745,937	
Total	<u>\$ 95,716,440</u>	<u>\$ 5,778,080</u>

The amount of \$35,745,937 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions 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 Ended June 30:	Amount
2019	\$ 11,768,656
2020	34,980,140
2021	17,009,602
2022	(9,565,975)
Total	<u>\$ 54,192,423</u>

B. Defined Contribution Plan - The Optional Retirement Program (ORP) is a defined contribution pension plan that provides retirement benefits with options for payments to beneficiaries in the event of the participant's death. Faculty and staff of the University may join ORP instead of TSERS. The Board of Governors of the University of North Carolina is responsible for the administration of ORP and designates the companies authorized to offer investment products or the trustee responsible for the investment of contributions under ORP and approves the form and contents of the contracts and trust agreements.

Participants in ORP are immediately vested in the value of employee contributions. The value of employer contributions is vested after five years of participation in ORP. Participants become eligible to receive distributions when they terminate employment or retire.

Participant eligibility and contributory requirements are established by General Statute 135-5.1. Member and employer contribution rates are set each year by the North Carolina General Assembly. For the year ended June 30, 2018, these rates were set at 6% of covered payroll for members and 6.84% of covered payroll for employers. The University assumes no liability other than its contribution.

For the current fiscal year, the University had a total payroll of \$795,965,868, of which \$308,927,150 was covered under ORP. Total employee and employer contributions for pension

benefits for the year were \$18,535,629 and \$21,130,617, respectively. The amount of expense recognized in the current year related to ORP is equal to the employer contributions. The University had forfeitures reflected in pension expense for the current fiscal year of \$849,003.

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 2017 *Comprehensive Annual 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. The fiduciary net position of each plan was determined using the same basis as the other postemployment benefit (OPEB) 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 benefits 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 of North Carolina 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 market 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 2017 *Comprehensive Annual 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 as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. RHBF is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of eligible 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 former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan options or the self-funded Traditional 70/30 Preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

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, the Legislative Retirement System, 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 General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the Gen-

eral 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 non-contributory basis. Employees first hired on or after October 1, 2006 and members of the 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 State Health Plan's total noncontributory premium.

The Plan's and 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 General Assembly in the Appropriations Bill. The University's contractually-required contribution rate for the year ended June 30, 2018 was 6.05% of covered payroll. The University's contributions to the RHBF were \$38,751,588 for the year ended June 30, 2018.

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, LEAs which are not part of the 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, for as long as an employee is disabled. 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 the end of the short-term disability period 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. An 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, or (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 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, during the first 36 months of the long-term disability period, the monthly long-term benefit shall be reduced by an amount equal to the monthly primary Social Security retirement benefit to which the employee might be entitled should the employee become age 62 during the first 36 months. This reduction becomes effective as of the first day of the month following the month of initial entitlement to Social Security benefits. After the first 36 months of the long-term disability, no further benefits are payable under the terms of this section unless the employee has been approved and is in receipt of primary Social Security disability benefits.

Contributions: Although DIPNC operates on a calendar year, disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State's fiscal year. The University's contractually-required contribution rate for the year ended June 30, 2018 was 0.14% of covered payroll. The University's contributions to DIPNC were \$896,731 for the year ended June 30, 2018.

C. Net OPEB Liability (Asset)

Net OPEB Liability: At June 30, 2018, the University reported a liability of \$1,161,399,772 for its proportionate share of the collective net OPEB liability for RHBF. The net OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016, and update procedures were used to roll forward the total OPEB liability to June 30, 2017. The University's proportion of the net OPEB liability was based on the present value of future salaries for the University relative to the present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2017, the University's proportion was 3.54230%, which was a decrease of 0.43441 from its proportion measured as of June 30, 2016, which was 3.97671%.

Net OPEB Asset: At June 30, 2018, the University reported an asset of \$2,354,190 for its proportionate share of the collective net OPEB asset for DIPNC. The net OPEB asset was measured as of June 30, 2017. The total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016, and update procedures were used to roll forward the total OPEB asset to June 30, 2017. The University's proportion of the net OPEB asset was based on the present value of future salaries for the University relative to the present value of future salaries for all participating employers, actuarially-determined. As of June 30, 2017, the University's proportion was 3.85175%, which was an increase of 0.13293 from its proportion measured as of June 30, 2016, which was 3.71882%.

Actuarial Assumptions: The total OPEB liabilities (assets) for RHBF and DIPNC were determined by actuarial valuations as of December 31, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liabilities (assets) were then rolled forward to June 30, 2017 utilizing update procedures incorporating the actuarial assumptions.

	Retiree Health Benefit Fund	Disability Income Plan of N.C.
Valuation Date	12/31/2016	12/31/2016
Inflation	2.75%	3.00%
Salary Increases*	3.50% - 8.10%	3.50% - 8.10%
Investment Rate of Return**	7.20%	3.75%
Healthcare Cost Trend Rate - Medical	5.00% - 6.50%	N/A
Healthcare Cost Trend Rate - Prescription Drug	5.00% - 7.25%	N/A
Healthcare Cost Trend Rate - Medicare Advantage	4.00% - 5.00%	N/A
Healthcare Cost Trend Rate - Administrative	3.00%	N/A

* Salary increases include 3.5% inflation and productivity factor

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

N/A - Not Applicable

The OPEB plans currently use 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 studies that cover significant portions of the U.S. 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 a 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 projects 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, 2017.

Best estimates of real rates of return for each major asset class included in RHBF's target asset allocation as of June 30, 2017 (the valuation date) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed Income	1.4%
Global Equity	5.3%
Real Estate	4.3%
Alternatives	8.9%
Opportunistic Fixed Income	6.0%
Inflation Sensitive	4.0%

The information in the preceding table is based on 30-year expectations developed with the consulting actuary 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 3.05%. 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, 2017 was 1.3%.

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. Examples include assumptions about future employment, mortality, and the healthcare cost trend. 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 historical pattern of sharing of benefit costs between the employer and plan members to that point. Historically, the benefits funded solely by employer contributions applied equally to all retirees. Currently, as described earlier in the note, benefits are dependent on membership requirements.

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

The actuarial assumptions used in the December 31, 2016 valuations were based on the results of an actuarial experience study prepared as of December 31, 2014.

Discount Rate: The discount rate used to measure the total OPEB liability for RHBF was 3.58%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will 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 of current plan members. As a result, a municipal bond rate of 3.58% was used as the discount rate used to measure the total OPEB liability. The 3.58% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2017.

The discount rate used to measure the total OPEB asset for DIPNC was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

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

Net OPEB Liability (Asset)					
1% Decrease (2.58%)		Current Discount Rate (3.58%)		1% Increase (4.58%)	
RHBF	\$ 1,385,484,213	\$	1,161,399,772	\$	983,670,497
1% Decrease (2.75%)		Current Discount Rate (3.75%)		1% Increase (4.75%)	
DIPNC	\$ (2,001,408)	\$	(2,354,190)	\$	(2,707,780)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability (asset) of the plans, as well as what the plans' net OPEB liability (asset) 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:

	1% Decrease		Current Healthcare Cost Trend Rates		1% Increase	
	(Medical - 4.00 - 5.50%, Pharmacy - 4.00 - 6.25%, Med. Advantage - 3.00 - 4.00%, Administrative - 2.00%)		(Medical - 5.00 - 6.50%, Pharmacy - 5.00 - 7.25%, Med. Advantage - 4.00 - 5.00%, Administrative - 3.00%)		(Medical - 6.00 - 7.50%, Pharmacy - 6.00 - 8.25%, Med. Advantage - 5.00 - 6.00%, Administrative - 4.00%)	
RHBF Net OPEB Liability	\$	948,757,340	\$	1,161,399,772	\$	1,444,030,674
DIPNC Net OPEB Asset		N/A		N/A		N/A

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2018, the University recognized OPEB expense of \$26,519,735 for RHBF and \$1,229,257 for DIPNC. At June 30, 2018, 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
Resources Related to OPEB by Classification:**

	RHBF		DIPNC		Total	
Difference Between Actual and Expected Experience	\$	0	\$	645,476	\$	645,476
Changes of Assumptions						
Net Difference Between Projected and Actual Earnings on Plan Investments				516,019		516,019
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions						
Contributions Subsequent to the Measurement Date		38,751,588		896,731		39,648,319
Total	\$	38,751,588	\$	2,058,226	\$	40,809,814

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

	RHBF	DIPNC	Total
Difference Between Actual and Expected Experience	\$ 83,274,500	\$ 0	\$ 83,274,500
Changes of Assumptions	319,844,195		319,844,195
Net Difference Between Projected and Actual Earnings on Plan Investments	431,626		431,626
Change in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	155,303,000	64,567	155,367,567
Total	<u>\$ 558,853,321</u>	<u>\$ 64,567</u>	<u>\$ 558,917,888</u>

Amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability related to RHBF and an increase of the net OPEB asset related to DIPNC in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in 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 Ended June 30:	RHBF	DIPNC
2019	\$ (111,792,246)	\$ 322,709
2020	(111,792,246)	322,709
2021	(111,792,246)	322,593
2022	(111,792,246)	128,917
2023	(111,684,337)	
Total	<u>\$ (558,853,321)</u>	<u>\$ 1,096,928</u>

cretely presented component unit of the State of North Carolina. The Plan is funded by employer contributions. Certain plans also require contributions from employees. 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. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was .16% 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 up to the first six months of benefits and reimbursed by DIPNC for any additional short-term benefits. 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.

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 dis-

B. Other Risk Management and Insurance Activities

1. Automobile, Fire, and Other Property Losses

The University is required to maintain fire and lightning coverage on all state-owned buildings and contents through the State Property Fire Insurance Fund (Fund), an internal service fund of the State. Such 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 coverage. Losses covered by the Fund are subject to a \$5,000 per occurrence deductible. University departments, as an individual business decision, may also purchase through the Fund primary

extended coverage for buildings and contents. Coverage may also be purchased through the Fund for theft, vandalism, sprinkler leakage, or all-risk perils. University departments also have the option to purchase all-risk coverage for computers and “miscellaneous equipment” on a scheduled basis. Flood insurance may also be purchased through the Fund for qualifying assets. Receipts-supported auxiliary units insure assets for additional perils coverage, as per the options noted above, in addition to the fire and lightning perils. General-funded departments and units insure for the perils of fire and lightning with the exception of certain coastal properties which are also insured for extended coverage perils and the peril of flood.

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.

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 \$10,000,000 via contract with a private insurance company. The University pays the premium, based on a composite rate, directly to the private insurer.

3. Employee Dishonesty and Computer Fraud

The University is protected for losses from employee dishonesty and computer fraud. This coverage is with

a private insurance company and is handled by the North Carolina Department of Insurance. Universities are charged a premium by the private insurance company. Coverage limit is \$1,000,000 per occurrence. The applicable deductible is \$25,000 per occurrence.

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 *Comprehensive Annual 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 and the State’s Agent of Record. The types of insurance policies purchased include: medical professional liability, veterinary professional liability, fine arts property, master crime, inland marine property for musical instruments, campers accident and sickness, athletic accident, boiler and machinery, watercraft, oceanographic equipment, cyber and data breach, and nuclear energy liability.



NOTE 17

Commitments and Contingencies

A. Commitments - The University has established an encumbrance system to track its outstanding commitments on construction projects and other purchases. Outstanding commitments on construction contracts were \$146,498,677 at June 30, 2018.

The University has amended the Use Agreement for the PNC Arena with the Centennial Authority (a related party) and therein agreed to make scheduled capital contributions totaling \$6,000,000 to the Authority's Building Enhancement Fund over a 15 year period. The total outstanding commitment on this agreement was \$2,250,000 as of June 30, 2018.

B. Pending Litigation and Claims - As previously reported, the NC School Boards Association, et. al. filed a civil action against various state officials in their official capacity seeking a judicial determination as to whether the state constitution requires certain monetary payments collected by state agencies to be paid to the local county school funds. On July 1, 2005, the NC Supreme Court held in favor of the school boards with regard to parking fines. The matter was remanded back to the trial court for disposition in accordance with the Superior Court's decision. On August 8, 2008, the Wake County Superior Court issued judgment that the estimated amounts collected from January 1, 1996, to June 30, 2005, by UNC Campuses belong and should have been paid to the public schools of the State by payment to the State's Civil Penalty and Forfeiture Fund. The manner in which the judgment will be settled is uncertain and is to be determined by the North Carolina General Assembly. At issue for NC State University is approximately \$6,749,207 in transportation fines collected since January 1, 1996, to June 30, 2005. Of this amount, the university has transferred \$2,273,817 to the Office of State Budget and Management leaving approximately \$4,475,390 still outstanding. Since July 2005, the University has been forwarding transportation fine collections, less collection costs, to the Office of State Budget and Management on a monthly basis.

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

NOTE 18

Related Parties

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

These organizations serve, in conjunction with the University's component units (See Note 1A), as the primary fundraising arm of the University through which individuals, corporations, and other organizations support University programs by providing scholarships, fellowships, faculty salary supplements, and unrestricted funds to specific colleges and the University's overall academic environment. The University's financial statements do not include the assets, liabilities, net position, or operational transactions of these organizations, except for support from each organization to the University. This support approximated \$21,072,250 for the year ended June 30, 2018.

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

The Authority entered into a Ground Lease with the State of North Carolina to lease land for the ESA for a period of 99 years at an annual rent of \$1. The University entered into a Use Agreement with the Authority. Both parties agreed that the University shall be the primary and preferred user of all areas of the ESA. The University is required to pay the greater of 10% of gross ticket revenues or \$53,115 for each men's and \$23,241 for each women's basketball game to compensate the Authority for facility rental and operating expenses for games held during fiscal year 2018. Rent and expense payments for miscellaneous events will be negotiated on an event by event basis based on the availability of the ESA and the anticipated attendance. In fiscal year 2012, the name of the ESA was changed to "PNC Arena."

In fiscal year 2008, the University entered a Capital Improvement Plan Agreement with the Authority to pay \$6,000,000 in quarterly installments over 15 years.

NOTE 19**Blended Component Units**

Condensed combining information for the University's blended component units for the year ended June 30, 2018, is presented as follows:

Condensed Statement of Net Position
June 30, 2018

	North Carolina State University	NC State Investment Fund, Inc	NC State University Partnership Corporation	Eliminations	Total
ASSETS					
Current Assets	\$ 416,735,028	\$ 16,950,253	\$ 3,016,259	\$ 0	\$ 436,701,540
Capital Assets, Net	2,033,750,223		20,556,192		2,054,306,415
Other Noncurrent Assets	185,864,296	752,185,377	1	(33,815,789)	904,233,884
Primary Government Receivable from Component Unit	2,785,750			(2,785,750)	
Total Assets	2,639,135,297	769,135,630	23,572,451	(36,601,539)	3,395,241,839
Total Deferred Outflows of Resources	136,526,254				136,526,254
LIABILITIES					
Current Liabilities	173,806,267	567,385	1,583,536		175,957,188
Long-Term Liabilities, Net	1,963,750,202				1,963,750,202
Other Noncurrent Liabilities	416,220,810		344,645	(33,815,789)	382,749,666
Component Unit Payable to Primary Government			2,785,750	(2,785,750)	
Total Liabilities	2,553,777,279	567,385	4,713,931	(36,601,539)	2,522,457,056
Total Deferred Inflows of Resources	564,695,968				564,695,968
NET POSITION					
Net Investment in Capital Assets	1,424,019,502		17,207,401		1,441,226,903
Restricted - Nonexpendable	(624,782,474)	768,568,245	2		143,785,771
Restricted - Expendable	325,267,789		168,287		325,436,076
Unrestricted	(1,467,316,513)		1,482,832		(1,465,833,681)
Total Net Position	\$ (342,811,696)	\$ 768,568,245	\$ 18,858,520	\$ 0	\$ 444,615,069

1. Total investments in the NC State Investment Fund, Inc. audit report included \$424,451,844 held in the Investment Fund for the North Carolina State University Foundation, Inc. and The North Carolina Agricultural Foundation, Inc. This amount is excluded from the University prepared financial statements and included in the accompanying component unit financial statements. See Note 2 to the financial statements. It will therefore be excluded from the Condensed Statement of Net Position and the Condensed Statement of Revenues, Expenses, and Changes in Net Position.

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

**Condensed Statement of Revenues, Expenses, and
Changes in Net Position
For the Fiscal Year Ended June 30, 2018**

	North Carolina State University	NC State Investment Fund, Inc.	NC State University Partnership Corporation	Elimination	Total
OPERATING REVENUES					
Operating Revenue	\$ 927,983,309	\$ 0	\$ 3,563,927	\$(4,857,180)	\$ 926,690,056
Total Operating Revenues	927,983,309	0	3,563,927	\$(4,857,180)	926,690,056
OPERATING EXPENSES					
Operating Expenses	1,427,736,834	2,773,653	7,204,250	\$(4,857,180)	1,432,857,557
Depreciation/Amortization	98,409,348		512,040		98,921,388
Total Operating Expenses	1,526,146,182	2,773,653	7,716,290	\$(4,857,180)	1,531,778,945
Operating Loss	\$(598,162,873)	\$(2,773,653)	\$(4,152,363)	0	\$(605,088,889)
NONOPERATING REVENUES (EXPENSES)					
State Appropriations	515,352,773				515,352,773
Noncapital Grants	49,435,617				49,435,617
Noncapital Gifts	76,584,756				76,584,756
Investment Income	\$(27,118,018)	68,392,063			41,274,045
Other Nonoperating Expenses	\$(24,170,202)		\$(48,004)		\$(24,218,206)
Net Nonoperating Revenues (Expenses)	590,084,926	68,392,063	\$(48,004)		658,428,985
Capital Appropriations	8,456,800				8,456,800
Capital Grants	15,345,199				15,345,199
Capital Gifts	6,716,037				6,716,037
Additions to Endowments	11,690,484				11,690,484
Increase (Decrease) in Net Position	34,130,573	65,618,410	\$(4,200,367)		95,548,616
NET POSITION					
Net Position, July 1, 2017	\$(376,942,269)	702,949,835	23,058,887		349,066,453
Net Position, June 30, 2018	\$ (342,811,696)	\$ 768,568,245	\$ 18,858,520	\$ 0	\$ 444,615,069

Condensed Statement of Cash Flows

June 30, 2018

	North Carolina State University	NC State Investment Fund, Inc.	NC State University Partnership Corporation	Total
Net Cash Used by Operating Activities	\$ (485,841,121)	\$ 0	\$ (3,086,934)	\$ (488,928,145)
Net Cash Provided by Noncapital Financing Activities	694,763,827			694,763,827
Net Cash Used by Capital and Related Financing Activities	(129,155,080)		(322,677)	(129,477,757)
Net Cash Provided (Used) by Investing Activities	(25,700,594)	11,742,598		(13,957,996)
Net Increase (Decrease) in Cash and Cash Equivalents	54,066,942	11,742,598	(3,409,611)	62,399,929
Cash and Cash Equivalents, July 1, 2017	406,662,610	5,207,655	6,035,881	417,906,146
Cash and Cash Equivalents, June 30, 2018	\$ 460,729,552	\$ 16,950,253	\$ 2,626,270	\$ 480,306,075

The condensed combining financial statements include the elimination of a note payable between the University and the NC State University Partnership Corporation for land purchased by Bell Tower Holdings, LLC.

NOTE 20

Changes in Financial Accounting and Reporting

For the fiscal year ended June 30, 2018, the University implemented the following pronouncements issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

GASB Statement No. 85, *Omnibus 2017*

GASB Statement No. 86, *Certain Debt Extinguishment Issues*

GASB Statement No. 75 improves accounting and financial reporting requirements by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a

variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB).

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

NOTE 21**Net Position Restatements**

As of July 1, 2017, net position as previously reported was restated as follows:

	Amount
July 1, 2017 Net Position as Previously Reported	\$ 2,050,177,473
Restatements:	
Record the University's Net OPEB Asset and Liability and OPEB Related Deferred Outflows and Inflows of Resources Per GASB 75 Requirements	(1,689,052,983)
Record the University's Workers Compensation Liability	(12,058,037)
July 1, 2017 Net Position as Restated	<u>\$ 349,066,453</u>

NOTE 22**Discretely Presented Component Units**

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

NORTH CAROLINA STATE UNIVERSITY FOUNDATION, INC.

Long-Term Investments

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

Investments at June 30, 2018 consisted of:

	Cost	Fair Value
STIF	\$ 0	0
NC State Investment Fund, Inc.		
Long Term Investment Pool (LTIP)	218,794,093	320,174,970
SRI Fund	33,911,801	37,467,567
Life Income Funds	7,225,821	7,583,556
Total	<u>\$ 259,931,715</u>	<u>\$ 365,226,093</u>

As of June 30, 2018, approximately 87.4% of the LTIP was invested with the UNC Management Company, 9.2% in the LPP, 1.8% in other managers in private equity funds, and 1.6% in the STIF. The LTIP's net assets were valued at approximately \$1,008,370,000 at June 30, 2018.

The Foundation's investment in the LTIP represents approximately 31.8% of the member equity of the LTIP at June 30, 2018.

The SRI Fund assets are invested in a socially responsible manner through a diversified portfolio of managers that consider environmental, social, and governance issues. As of June 30, 2018, approximately 66.6% of total assets were invested in the STIF, 19.4% with Generation IM Global Equity A Fund, 9.5% with RBC SRI Wealth Management Group (RBC), 3% with Goldman Sachs Private Equity Fund, and 1.5% in the Vanguard Social Index Fund.

The Foundation's investments held by Life Income Funds consist of a diversified portfolio of bond and equity mutual funds.

Life Income Funds

The consolidated financial statements include assets and liabilities of charitable gift annuities and unitrust agreements for which the Foundation is trustee. The grantors and/or beneficiaries retain future income interests in these assets until their death. These life income funds are recorded at fair value at the date of gift. Life income funds at June 30, 2018 have asset balances of \$7,583,556.

The liabilities for distributions to grantors and/or beneficiaries are computed using Internal Revenue Code annuity valuation tables, the distribution terms of the agreements, and the life expectancy of the beneficiaries, and totaled \$5,599,807 at June 30, 2018. Payments from these funds were \$726,884 during the year ended June 30, 2018. An unrestricted reserve account has been established in the Foundation's Charitable Gift Annuity ("CGA") pool to receive 10% from all new CGAs established in order to offset the liabilities for any annuities that reach exhaustion. The goal is to build the unrestricted reserve fund to equal 10% of the total value of the Foundation's CGA pool. As of June 30, 2018, the CGA reserve balance was \$123,142.

In addition to the above life income funds, the Foundation was named the recipient of an externally managed trust in 2011 which represented irrevocable life income funds with a market value totaling \$20,247,044 and life income funds payable of \$13,405,810 as of June 30, 2017. The Foundation did not serve as trustee for these funds. During fiscal year 2018 this trust was terminated and cash was received.

Pledges Receivable

Pledges receivable consisted of the following at June 30:

Receivable in Less than One Year	\$ 22,476,461
Receivable in One to Five Years	12,823,400
Receivable in Greater Than Five Years	1,133
Total Gross Pledges Receivable	35,300,994
Less Allowance for Uncollectible Pledges	947,000
Less Unamortized Discount (Discount Rate of 2.33% to 2.78%)	1,478,568
Net Pledges Receivable	<u>\$ 32,875,426</u>

An allowance for doubtful accounts has been established and is updated annually to reflect 5% of the Foundation's outstanding pledge balance, excluding large pledges for which signed memorandums of understanding exist and therefore the Foundation is reasonably assured of collecting. These two large pledges represented approximately \$19.4 million of total undiscounted pledges receivable at June 30, 2018. Active past due pledges receivable are reviewed twice yearly by the Advancement Services office in order to determine if it is appropriate to write off such pledges.

NC STATE STUDENT AID ASSOCIATION, INC.

Pledges Receivable

Pledges receivable at June 30, 2018 are as follows:

Pledges Receivable	\$ 19,693,659
Less Allowance for Uncollectible Pledges	984,683
Less Discount on Pledges	4,040,864
	14,668,112
Less Current Portion	3,003,874
Pledges Due After One Year	<u>\$ 11,664,238</u>

Pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 6%.

Receivable in Less than One Year	\$ 3,161,972
Receivable in One to Five Years	6,648,702
Receivable in Greater Than Five Years	9,882,985
	19,693,659
Less Allowance for Uncollectible Pledges	984,683
Less Discount on Pledges	4,040,864
Net Pledges Receivable	<u>\$ 14,668,112</u>

INVESTMENTS

The Association held the following investments at June 30, 2018:

	Historical Cost	Market Value
Marketable Equity Securities	\$ 16,390,753	\$ 17,181,635
Other Marketable Debt Securities	4,318,716	4,249,643
U.S. Government Obligations	1,883,713	1,864,571
Unit Investment Trusts	552,487	538,040
Alternative Investments	5,589,619	6,459,954
Mutual Funds	4,462,424	4,662,549
Total	<u>\$ 33,197,712</u>	<u>\$ 34,956,392</u>

Investment income net, consists of the following for the year ended June 30, 2018:

Interest	\$ 448,216
Dividends	877,373
Realized Gain on Sale of Investments	1,444,675
Unrealized Gain on Investments	(342,372)
Investment Expenses	(282,050)
Total	<u>\$ 2,145,842</u>

Long-Term Debt

Bond Indentures - Vaughn Towers:

In March 2013, the Association refinanced bonds originally issued in 2004 to finance the construction of the Vaughn Towers press box at Carter-Finley Stadium. The refinancing was with a financial institution through a \$12,660,000 Series 2013 bond, issued through the North Carolina Capital Facilities Finance Agency. Principal payments of \$1,055,000 are due annually until the bond matures in September 2024. The bond payable at June 30, 2017 totaled \$8,440,000. During 2018, the bond was refinanced as noted below.

Note Payable - Wolves Den:

In June 2015, the Association entered into a note agreement in the amount of \$450,000 with a financial institution in order to finance the renovation of a portion of Vaughn Towers into a new premium seating option at Carter-Finley Stadium, referred to as the Wolves Den. Annual principal payments of \$112,500 began in January 2016, and the note was paid in full as of June 30, 2018.

Notes Payable - Indoor Practice Facility:

In May 2014, the Association entered into multiple note agreements with BB&T in order to finance the construction of a new Indoor Practice Facility for the football program at NCSU. The total financing available through the notes payable was \$14,000,000. The Association had to maintain a debt service coverage ratio of 1.00 to 1.00, maintain unrestricted liquid assets of \$4,000,000 until such point that the total credit available and outstanding was less than

\$10,000,000, and meet certain-pledge targets. The notes payable are collateralized by pledges receivable and cash received from the related capital campaign. The notes were paid in full as of June 30, 2018.

Bond Payable - Refunding Bond:

In October 2017, the Association entered into a bond agreement with BB&T in order to refinance the outstanding notes. The total financing available through the bond was \$12,585,000. Annual principal payments of \$839,000 are payable until the bond matures in 2032. Interest is payable monthly at the greater of prime rate plus 2% or 6%. The interest rate at June 30, 2018 was 3.34%. The outstanding bond balance was \$12,585,000 at June 30, 2018.

Long-term debt consists of the following at June 30, 2018:

Bond Payable – Refunding Bond	\$	12,470,244
Less Amount Classified as Current Liability		830,947
Amount Due After One Year	\$	<u>11,639,297</u>

Deferred bond issuance cost consists of the following as of June 30, 2018:

Deferred bond issuance cost	\$	120,796
Less: accumulated amortization		6,040
Net deferred bond issuance cost	\$	<u>114,756</u>

Maturities of long-term debt are as follows:

	Principal Payments	Minus Amortized Deferred Bond	Long-term debt, net
2019	\$ 839,000	8,053	830,947
2020	839,000	8,053	830,947
2021	839,000	8,053	830,947
2022	839,000	8,053	830,947
2023	839,000	8,053	830,947
Thereafter	8,390,000	74,491	8,315,509
Total	\$ 12,585,000	114,756	<u>12,470,244</u>

THE NORTH CAROLINA AGRICULTURAL FOUNDATION, INC.

Long-Term Investments

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

Investments at June 30, 2018 consisted of:

	Cost	Fair Value
STIF	\$ 304	\$ 304
NC State Investment Fund, Inc.		
Long Term Investment (LTIP)	54,700,396	88,442,580
Life Income Funds	10,207,360	10,521,486
Total	<u>\$ 64,908,060</u>	<u>\$ 98,964,370</u>

As of June 30, 2018, approximately 87.4% of the LTIP was invested with the UNC Management Company ("UNCMC"), 9.2% in the LPP, 1.8% in other managers in private equity funds, and 1.6% in the STIF. The LTIP's net assets were valued at approximately \$1,008,370,000 at June 30, 2018. The Foundation's investment in LTIP represents approximately 8.77% of the member's equity of the LTIP at June 30, 2018.

The Foundation's investments at Life Income Funds consist of a diversified portfolio of bond and equity mutual funds.

Pledges Receivable

Pledges receivable consisted of the following at June 30:

Receivable in Less than One Year	\$	1,831,579
Receivable in One to Five Years		3,428,773
Receivable in Greater Than Five Years		5,199
Total Gross Pledges Receivable		<u>5,265,551</u>
Less Allowance for Uncollectible Pledges		264,000
Less Unamortized Discount (Discount Rate of 2.33% to 2.87%)		282,791
Net Pledges Receivable	\$	<u>4,718,760</u>

An allowance for doubtful accounts has been established and is updated annually to reflect 5% of the Foundation's outstanding pledge balance. Active past due pledges receivable are reviewed twice yearly by the Advancement Services office in order to determine if it is appropriate to write off such pledges.

Four donors represent approximately \$2.7 million of total undiscounted pledges receivable at June 30, 2018.



REQUIRED SUPPLEMENTARY INFORMATION

NORTH CAROLINA
STATE UNIVERSITY

2018 ANNUAL
FINANCIAL REPORT

NORTH CAROLINA STATE UNIVERSITY
Required Supplementary Information
Schedule of the Proportionate Net Pension Liability
Teachers' and State Employees' Reirement System
Last Five Fiscal Years

Exhibit C-1

	2017	2016	2015	2014	2013
Proportionate Share Percentage of Collective Net Pension Liability	2.22596%	2.20202%	2.13940%	2.14599%	2.11750%
Proportionate Share of TSERS Collective Net Pension Liability	\$ 176,617,483	\$ 202,388,385	\$ 78,841,126	\$ 25,160,037	\$ 128,553,827
Covered Payroll	\$ 324,634,557	\$ 312,155,082	\$ 308,539,969	\$ 305,353,765	\$ 306,165,883
Net Pension Liability as a Percentage of Covered Payroll	54.41%	64.84%	25.55%	8.24%	41.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.51%	87.32%	94.64%	98.24%	90.60%

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

NORTH CAROLINA STATE UNIVERSITY
Required Supplementary Information
Schedule of University Contributions
Teachers' and State Employees' Reirement System
Last Ten Fiscal Years

Exhibit C-2

	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 35,745,937	\$ 32,398,529	\$ 28,562,190	\$ 28,231,407	\$ 26,535,242
Contributions in Relation to the Contractually Determined Contribution	\$ 35,745,937	\$ 32,398,529	\$ 28,562,190	\$ 28,231,407	\$ 26,535,242
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 331,594,965	\$ 324,634,557	\$ 312,155,082	\$ 308,539,969	\$ 305,353,765
Contributions as a Percentage of Covered Payroll	10.78%	9.98%	9.15%	9.15%	8.69%

	2013	2012	2011	2010	2009
Contractually Required Contribution	\$ 25,503,618	\$ 22,231,989	\$ 15,004,360	\$ 10,741,148	\$ 10,536,565
Contributions in Relation to the Contractually Determined Contribution	\$ 25,503,618	\$ 22,231,989	\$ 15,004,360	\$ 10,741,148	\$ 10,536,565
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 306,165,883	\$ 298,817,058	\$ 304,348,067	\$ 300,872,483	\$ 313,588,252
Contributions as a Percentage of Covered Payroll	8.33%	7.44%	4.93%	3.57%	3.36%

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

NORTH CAROLINA STATE UNIVERSITY
Notes to Required Supplementary Information
Schedule of University Contributions
Teachers' and State Employees' Retirement System

Last Ten Fiscal Years

Changes of Benefit Terms:

Cost of Living Increase

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

Changes of assumptions. In 2015, the actuarial assumptions were updated to more closely reflect actual experience. In 2015, the North Carolina Retirement Systems' consulting actuaries performed the quinquennial investigation of each retirement systems' actual demographic and economic experience (known as the "Experience Review"). The Experience Review provides the basis for selecting the actuarial assumptions and methods used to determine plan liabilities and funding requirements. The most recent Experience Review examined each plan's experience during the period between January 1, 2010, and December 31, 2014. Based on the findings, the Board of Trustees of the Teachers' and State Employees' Retirement System adopted a number of new actuarial assumptions and methods. The most notable changes to the assumptions include updates to the mortality tables and the mortality improvement projection scales to reflect reduced rates of mortality and significant increases in mortality improvements. These assumptions were adjusted to reflect the mortality projection scale MP-2015, released by the Society of Actuaries in 2015. In addition, the assumed rates of retirement, salary increases, and rates of termination from active employment were reduced to more closely reflect actual experience. The discount rate for Teachers' and State Employees' Retirement System was lowered from 7.25% to 7.20% for the December 31, 2016 valuation.

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

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

NORTH CAROLINA STATE UNIVERSITY
Required Supplementary Information
Schedule of the Proportionate Net OPEB Liability or Asset
Cost-Sharing, Multiple-Employer, Defined Benefit OPEB Plans
Last Two Fiscal Years

Exhibit C-3

	2017	2016
Retiree Health Benefit Fund		
Proportionate Share Percentage of Collective Net OPEB Liability	3.54230%	3.97671%
Proportionate Share of Collective Net OPEB Liability	\$ 1,161,399,772	\$ 1,730,004,018
Covered Payroll	\$ 622,217,834	\$ 593,161,610
Net OPEB Liability as a Percentage of Covered Payroll	186.65%	291.66%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	3.52%	2.41%
Disability Income Plan of North Carolina		
Proportionate Share Percentage of Collective Net OPEB Liability	3.85175%	3.71882%
Proportionate Share of Collective Net OPEB Liability	\$ 2,354,190	\$ 2,309,387
Covered Payroll	\$ 622,217,834	\$ 593,161,610
Net OPEB Liability as a Percentage of Covered Payroll	0.38%	0.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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*.

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

Exhibit C-4

	2018		2017		2016		2015		2014	
Retiree Health Benefit Fund										
Contractually Required Contribution	\$	38,751,588	\$	36,150,856	\$	33,217,050	\$	31,585,734	\$	29,986,156
Contributions in Relation to the Contractually Determined Contribution		38,751,588		36,150,856		33,217,050		31,585,734		29,986,156
Contribution Deficiency (Excess)	\$	-	\$	-	\$	-	\$	-	\$	-
Covered Payroll	\$	640,522,115	\$	622,217,834	\$	593,161,610	\$	575,332,134	\$	555,299,176
Contributions as a Percentage of Covered Payroll		6.05%		5.81%		5.60%		5.49%		5.40%
		2013		2012		2011		2010		2009
Contractually Required Contribution	\$	28,822,840	\$	26,143,971	\$	25,706,534	\$	23,250,220	\$	21,576,756
Contributions in Relation to the Contractually Determined Contribution	\$	28,822,840	\$	26,143,971	\$	25,706,534	\$	23,250,220	\$	21,576,756
Contribution Deficiency (Excess)	\$	-	\$	-	\$	-	\$	-	\$	-
Covered Payroll	\$	543,827,170	\$	522,879,422	\$	524,560,133	\$	516,671,564	\$	526,262,347
Contributions as a Percentage of Covered Payroll		5.30%		5.00%		4.90%		4.50%		4.10%
		2018		2017		2016		2015		2014
Disability Income Plan of North Carolina										
Contractually Required Contribution	\$	896,731	\$	2,364,428	\$	2,431,963	\$	2,358,862	\$	2,443,316
Contributions in Relation to the Contractually Determined Contribution	\$	896,731	\$	2,364,428	\$	2,431,963	\$	2,358,862	\$	2,443,316
Contribution Deficiency (Excess)	\$	-	\$	-	\$	-	\$	-	\$	-
Covered Payroll	\$	640,522,115	\$	622,217,834	\$	593,161,610	\$	575,332,134	\$	555,299,176
Contributions as a Percentage of Covered Payroll		0.14%		0.38%		0.41%		0.41%		0.44%
		2013		2012		2011		2010		2009
Contractually Required Contribution	\$	2,392,840	\$	2,718,973	\$	2,728,040	\$	2,686,692	\$	2,736,564
Contributions in Relation to the Contractually Determined Contribution	\$	2,392,840	\$	2,718,973	\$	2,728,040	\$	2,686,692	\$	2,736,564
Contribution Deficiency (Excess)	\$	-	\$	-	\$	-	\$	-	\$	-
Covered Payroll	\$	543,827,170	\$	522,879,422	\$	524,560,133	\$	516,671,564	\$	526,262,347
Contributions as a Percentage of Covered Payroll		0.44%		0.52%		0.52%		0.52%		0.52%

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

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

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

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

Method and Assumptions Used in Calculations of Actuarially Determined Contributions: An actuarial valuation is performed for each plan each year. The actuarially determined contribution rates in the Schedule of Employer Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning six months following the date of the valuation results for the Retiree Health Benefit Fund. The actuarially determined contribution rates in the Schedule of employer Contributions are calculated by the actuary as a projection of the required employer contribution for the fiscal year beginning 18 months following the date of the valuation results for the Disability Income Plan of North Carolina. See Note 15 for more information on the specific assumptions for each plan. The actuarially determined contributions for those items with covered payroll were determined using the actuarially determined contribution rate from the actuary and covered payroll as adjusted for timing differences and other factors such as differences in employee class. Other actuarially determined contributions are disclosed in the schedule as expressed by the actuary in reports to the plans.

Changes of assumptions: In 2015, the North Carolina Retirement Systems' consulting actuaries performed the quinquennial investigation of each retirement system's actual demographic and economic experience (known as the "Experience Review"). The Experience Review provides the basis for selecting the actuarial assumptions and methods used to determine plan liabilities and funding requirements. The most recent experience review examined each plan's experience during the period between January 1, 2010, and December 31, 2014. Based on the findings, the Boards of Trustees of the Teachers' and State Employees' Retirement System and the State Health Plan adopted a number of new actuarial assumptions and methods for the Retiree Health Benefit Fund and the Disability Income Plan of North Carolina. The most notable changes to the assumptions include updates to the mortality tables and the mortality improvement projection scales to reflect reduced rates of mortality and significant increases in mortality improvements. These assumptions were adjusted to reflect the mortality projection scale MP-2015, released by the Society of Actuaries in 2015. In addition, the assumed rates of retirement and rates of termination from active employment were reduced to more closely reflect actual experience.

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

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



SUPPLEMENTARY INFORMATION SECTION

NORTH CAROLINA
STATE UNIVERSITY

2018 ANNUAL
FINANCIAL REPORT

Ratio of Net Gain in Endowment Investments

Ten Year History

For the Year Ended June 30,

(in thousands)

University Endowment Investments - Market Value

Fiscal Year	End of Year	Beginning of Year	Yearly Change	Ratio
2008-2009	129,619	161,208	(31,589)	(19.60)
2009-2010	143,112	129,619	13,493	10.41
2010-2011	161,402	143,112	18,290	12.78
2011-2012	161,385	161,402	(17)	(0.01)
2012-2013	177,402	161,385	16,017	9.92
2013-2014	205,010	177,402	27,608	15.56
2014-2015	230,099	205,010	25,089	12.24
2015-2016	209,047	230,099	(21,052)	(9.15)
2016-2017	311,538	209,047	102,491	49.03
2017-2018	349,411	311,538	37,873	12.16

Available Funds

For the Year Ended June 30,
(in thousands)

	2014	2015*	2016	2017	2018**
Total Unrestricted Revenue	\$ 1,090,045	\$ 1,140,445	\$ 1,196,096	\$ 1,241,931	\$ 1,295,674
Less:					
State Appropriations	(473,005)	(481,548)	(502,534)	(506,419)	(515,353)
Tuition and Fees	(215,694)	(229,771)	(244,013)	(260,513)	(276,701)
Plus:					
Beginning Unrestricted Net Assets	230,802	165,234 *	217,106	240,433	(1,457,285)
Total	632,148	594,360	666,655	715,432	(953,664)
Adjustments for Pension and OPEB					
GASB 68 Pension	0	85,242	65,062	72,917	86,679
GASB 75 OPEB	0	0	0	0	1,681,502
Total Adjusted Available Funds	\$ 632,148	\$ 668,580	\$ 731,717	\$ 788,349	\$ 814,517

* GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, required the University to recognize its proportionate share of the State's overall net pension liability. Accordingly, Fiscal Year ended June 30, 2014 was restated to reflect a reduction of \$102.0 million in unrestricted net assets, which is reflected in the FY2015 beginning unrestricted net assets.

** GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, required the University to recognize its proportionate share of the State's overall net OPEB liability. Accordingly, Fiscal Year ended June 30, 2017 was restated to reflect reduction of \$1,693.7 million in unrestricted net assets, which is reflected in the FY2018 beginning unrestricted net assets.

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

Admissions, Enrollment and Degree Statistics

Ten Year History of Fall
Enrollment

(Headcount)

Freshman Admissions	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Applied	17,661	18,783	19,526	19,863	20,436	21,618	20,208	21,102	26,224	26,836
Accepted	10,371	10,253	10,542	10,395	10,138	10,136	10,390	10,582	12,353	13,691
Enrolled	4,669	4,638	4,558	4,564	4,225	4,165	4,374	4,212	4,229	4,656
SAT Total	1,176	1,184	1,186	1,191	1,218	1,243	1,248	1,250	1,263	1,309
SAT Verbal	569	572	575	579	591	604	607	610	617	647
SAT Math	607	612	611	612	627	639	641	640	646	662
Transfer Admissions										
Applied	3,766	3,869	4,294	3,810	3,749	3,928	3,635	4,166	4,184	4,381
Accepted	1,410	1,397	1,631	1,316	1,505	1,524	1,647	1,472	1,712	1,831
Enrolled	1,089	1,097	1,141	1,027	1,209	1,215	1,253	1,107	1,223	1,275
Graduate Admissions										
Applied	8,119	10,712	13,792	14,005	14,412	14,451	15,419	15,394	16,650	15,747
Accepted	3,533	2,411	4,002	3,866	3,550	3,519	3,612	3,583	3,429	3,791
Enrolled	2,284	2,362	2,514	2,613	2,599	2,609	2,839	2,892	3,097	3,147

(Percentage of Total Applications)

Freshman Admissions	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Accepted	58.7%	54.6%	54.0%	52.3%	49.6%	46.9%	51.4%	50.1%	47.1%	51.0%
Enrolled	26.4%	24.7%	23.3%	23.2%	20.7%	19.3%	21.6%	20.0%	16.1%	17.3%
Transfer Admissions										
Accepted	37.4%	36.1%	38.0%	34.5%	40.1%	38.8%	45.3%	35.3%	40.9%	41.8%
Enrolled	28.9%	28.4%	26.6%	27.0%	32.2%	31.0%	34.5%	26.6%	29.2%	29.1%
Graduate Admissions										
Accepted	43.5%	22.5%	29.0%	27.6%	24.6%	24.4%	23.4%	23.3%	20.6%	24.1%
Enrolled	28.1%	22.1%	18.2%	18.7%	18.0%	18.1%	18.4%	18.8%	16.8%	20.0%

(Degrees Conferred)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Bachelors	4,571	4,611	4,910	5,296	5,710	5,584	5,622	5,660	5,766	5,761
Masters	1,507	1,666	1,884	2,220	2,494	2,475	2,660	2,535	2,716	3,003
Doctoral	328	456	423	398	449	488	507	514	523	546
First Professional (DVM)	74	73	77	77	79	72	81	79	97	96
Total	6,480	6,806	7,294	7,991	8,732	8,619	8,870	8,788	9,102	9,406

Admissions, Enrollment and Degree Statistics

Ten Year History of Fall Enrollment

(Headcount)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Undergraduate	22,874	23,365	23,500	23,514	23,291	22,977	22,925	22,462	22,346	22,755
Graduate	7,243	7,640	8,218	8,728	8,771	8,722	8,860	9,265	9,342	9,744
Lifelong Education	2,755	2,814	2,658	2,525	2,278	2,310	2,204	2,288	2,055	1,916
Full-time	25,940	26,736	27,287	27,438	27,108	26,770	26,965	26,767	26,776	27,415
Part-time	6,932	7,083	7,089	7,329	7,232	7,239	7,024	7,248	6,979	7,017
Male	18,344	18,777	19,077	19,441	19,176	18,913	18,945	18,769	18,561	18,691
Female	14,528	15,042	15,299	15,326	15,164	15,096	15,044	15,246	15,194	15,741
White	24,279	24,606	24,663	24,458	24,019	23,586	22,911	22,590	22,168	21,687
African-American	2,809	2,701	2,758	2,634	2,531	2,314	2,212	2,163	2,075	2,038
Asian	1,509	1,573	1,640	1,620	1,583	1,644	1,678	1,625	1,762	1,924
Hispanic	790	953	1,065	1,163	1,296	1,309	1,392	1,487	1,469	1,597
Other	3,485	3,986	4,250	4,892	4,911	5,156	5,796	6,150	6,281	7,186
In-state	27,850	28,484	28,611	28,336	27,739	27,185	26,699	26,440	26,277	26,931
Out-of-state	2,802	2,963	3,235	3,399	3,642	3,688	3,823	3,733	3,605	3,472
International	2,220	2,372	2,530	3,032	2,959	3,136	3,467	3,842	3,873	4,029
Total Enrollment	32,872	33,819	34,376	34,767	34,340	34,009	33,989	34,015	33,755	34,432

(Percentage of Total)

Undergraduate	69.6%	69.1%	68.4%	67.6%	67.8%	67.6%	67.4%	66.0%	66.8%	66.1%
Graduate	22.0%	22.6%	23.9%	25.1%	25.5%	25.6%	26.1%	27.2%	27.7%	28.3%
Lifelong Education	8.4%	8.3%	7.7%	7.3%	6.6%	6.8%	6.5%	6.7%	6.1%	5.6%
Full-time	78.9%	79.1%	79.4%	78.9%	78.9%	78.7%	79.3%	78.7%	79.3%	79.6%
Part-time	21.1%	20.9%	20.6%	21.1%	21.1%	21.3%	20.7%	21.3%	20.7%	20.4%
Male	55.8%	55.5%	55.5%	55.9%	55.8%	55.6%	55.7%	55.2%	55.0%	54.3%
Female	44.2%	44.5%	44.5%	44.1%	44.2%	44.4%	44.3%	44.8%	45.0%	45.7%
White	73.9%	72.8%	71.7%	70.3%	69.9%	69.4%	67.4%	66.4%	65.7%	63.0%
African-American	8.5%	8.0%	8.0%	7.6%	7.4%	6.8%	6.5%	6.4%	6.1%	5.9%
Asian	4.6%	4.7%	4.8%	4.7%	4.6%	4.8%	4.9%	4.8%	5.2%	5.6%
Hispanic	2.4%	2.8%	3.1%	3.3%	3.8%	3.8%	4.1%	4.4%	4.4%	4.6%
Other	10.6%	11.7%	12.4%	14.1%	14.3%	15.2%	17.1%	18.0%	18.6%	20.9%
In-state	84.7%	84.2%	83.2%	81.5%	80.8%	79.9%	78.6%	77.7%	77.8%	78.2%
Out-of-state	8.5%	8.8%	9.4%	9.8%	10.6%	10.9%	11.2%	11.0%	10.7%	10.1%
International	6.8%	7.0%	7.4%	8.7%	8.6%	9.2%	10.2%	11.3%	11.5%	11.7%

Admissions, Enrollment and
Degree Statistics

Enrollment by County
Student Enrollment, Fall
Semester 2017

Residence	Total	Residence	Total	Residence	Total	Residence	Total
Alamance	317	Cumberland	475	Johnston	691	Randolph	216
Alexander	43	Currituck	28	Jones	12	Richmond	27
Alleghany	15	Dare	76	Lee	138	Robeson	101
Anson	11	Davidson	244	Lenoir	77	Rockingham	91
Ashe	25	Davie	118	Lincoln	141	Rowan	163
Avery	24	Duplin	75	McDowell	33	Rutherford	72
Beaufort	74	Durham	995	Macon	25	Sampson	144
Bertie	16	Edgecombe	58	Madison	23	Scotland	34
Bladen	37	Forsyth	712	Martin	39	Stanly	70
Brunswick	137	Franklin	167	Mecklenburg	1,962	Stokes	54
Buncombe	529	Gaston	251	Mitchell	17	Surry	89
Burke	80	Gates	16	Montgomery	32	Swain	13
Cabarrus	399	Graham	5	Moore	240	Transylvania	25
Caldwell	109	Granville	128	Nash	246	Tyrrell	5
Camden	19	Greene	23	New Hanover	606	Union	694
Carteret	188	Guilford	1,403	Northhampton	15	Vance	60
Caswell	43	Halifax	69	Onslow	195	Wake	9,939
Catawba	262	Harnett	195	Orange	669	Warren	27
Chatham	237	Haywood	62	Pamlico	28	Washington	13
Cherokee	33	Henderson	147	Pasquotank	37	Watauga	98
Chowan	32	Hertford	14	Pender	110	Wayne	207
Clay	5	Hoke	38	Perquimans	15	Wilkes	60
Cleveland	119	Hyde	12	Person	68	Wilson	170
Columbus	54	Iredell	425	Pitt	289	Yadkin	38
Craven	183	Jackson	24	Polk	26	Yancey	19
						Total	26,914

Admissions, Enrollment and Degree Statistics

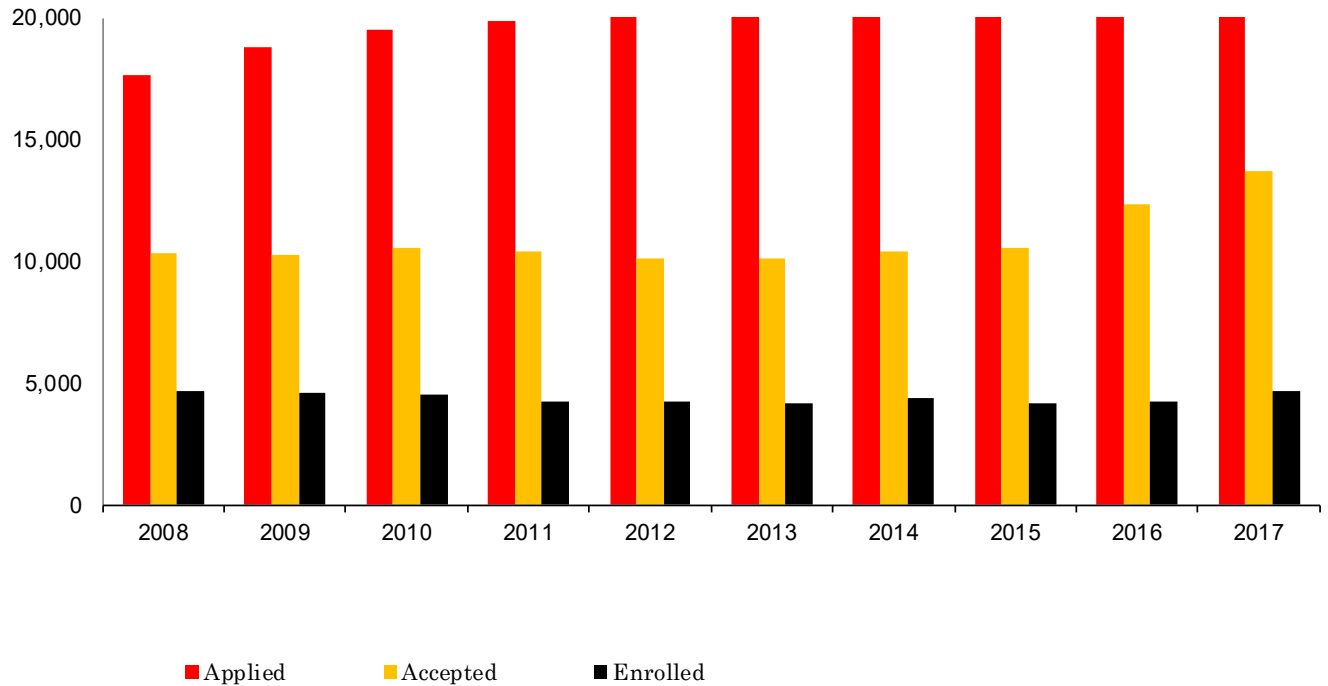
Five Year Comparison of Enrollment by Level
and College

Student Enrollment, Fall Semester

	2013	2014	2015	2016	2017
Undergraduate					
Agriculture and Life Sciences	2,371	2,418	2,447	2,405	2,443
Agriculture Institute	386	339	330	365	347
Design	595	577	555	553	550
Education	656	573	539	489	478
Engineering	5,960	6,171	6,231	6,191	6,370
Humanities and Social Sciences	3,632	3,433	3,326	3,462	3,465
Management	2,589	2,613	2,604	2,682	2,859
Natural Resources	1,357	1,329	1,266	1,453	1,466
Sciences	2,997	2,902	2,710	2,540	2,715
Textiles	985	993	988	949	882
Non Degree Studies	1,584	1,548	1,633	1,481	1,395
Units Outside Organized College	1,424	1,577	1,466	1,257	1,180
Total Undergraduate	24,536	24,473	24,115	23,827	24,150
 Total FTE Undergraduate	 22,706	 22,647	 22,273	 22,157	 22,560
Graduate					
Agriculture and Life Sciences	1,050	1,011	1,023	1,009	1,009
Design	259	246	231	238	254
Education	1,139	1,060	1,049	1,102	1,256
Engineering	2,843	3,065	3,263	3,165	3,199
Humanities and Social Sciences	821	801	808	811	847
Management	696	626	750	828	912
Natural Resources	488	459	423	415	428
Sciences	877	857	929	973	1,034
Textiles	185	202	212	232	232
Veterinary Medicine	422	445	462	462	479
Non Degree Studies	598	656	635	574	521
Units Outside Organized College	95	88	115	119	111
Total Graduate	9,473	9,516	9,900	9,928	10,282
 Total FTE Graduate	 7,579	 7,713	 8,020	 8,074	 8,394
 Total Headcount	 34,009	 33,989	 34,015	 33,755	 34,432
 Total FTE Enrollment	 30,285	 30,360	 30,293	 30,231	 30,954
 Percentage of Students (FTE) from Outside State	 20.1%	 21.4%	 22.3%	 22.2%	 21.8%

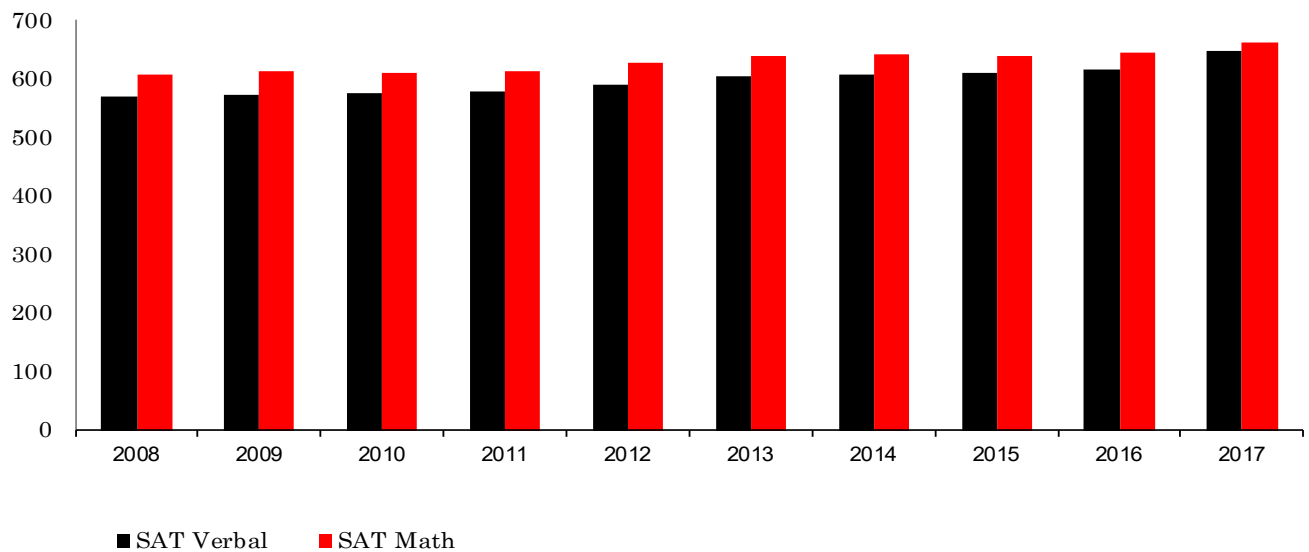
Fall Enrollment

Freshman Admissions by Year

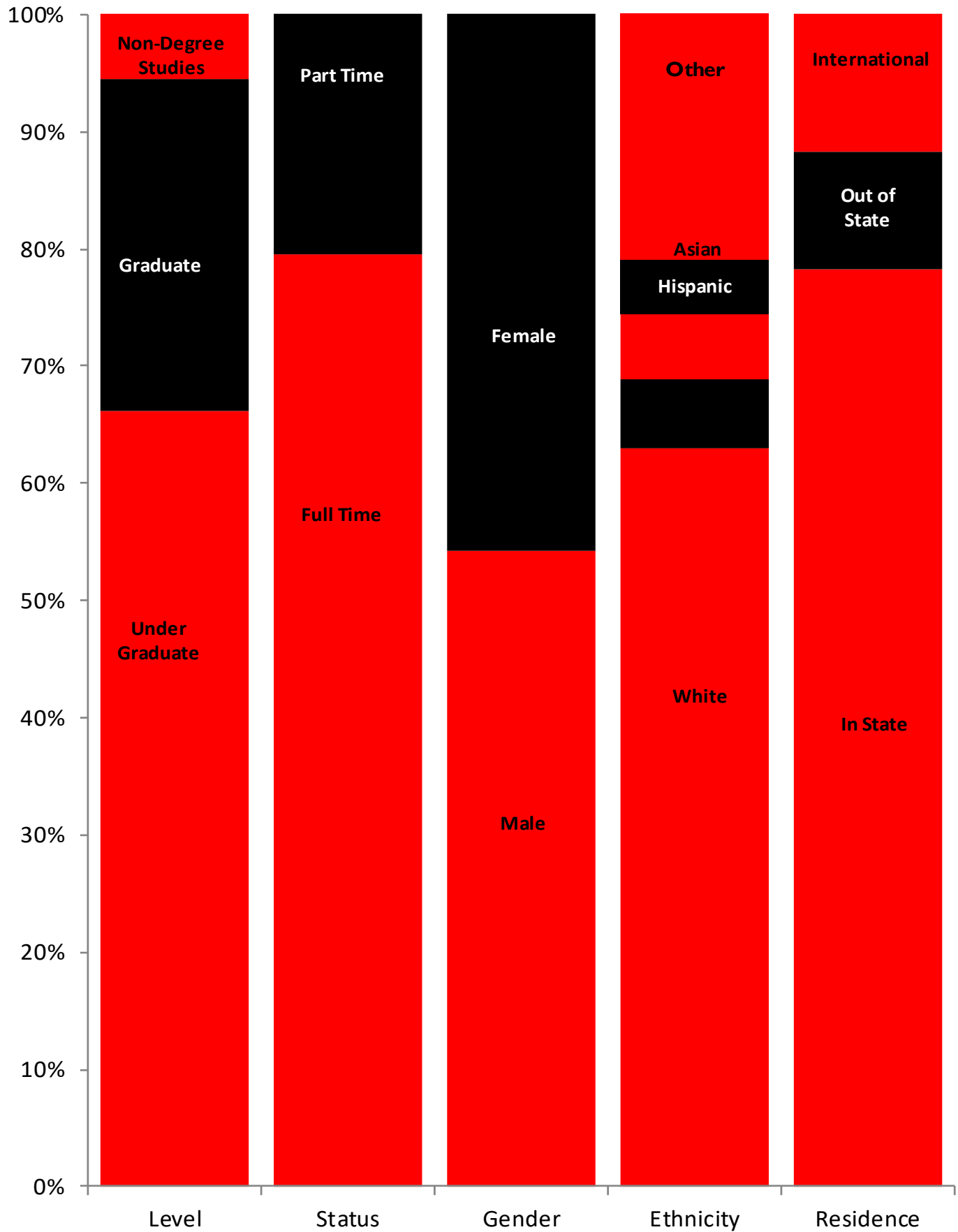


SAT Scores

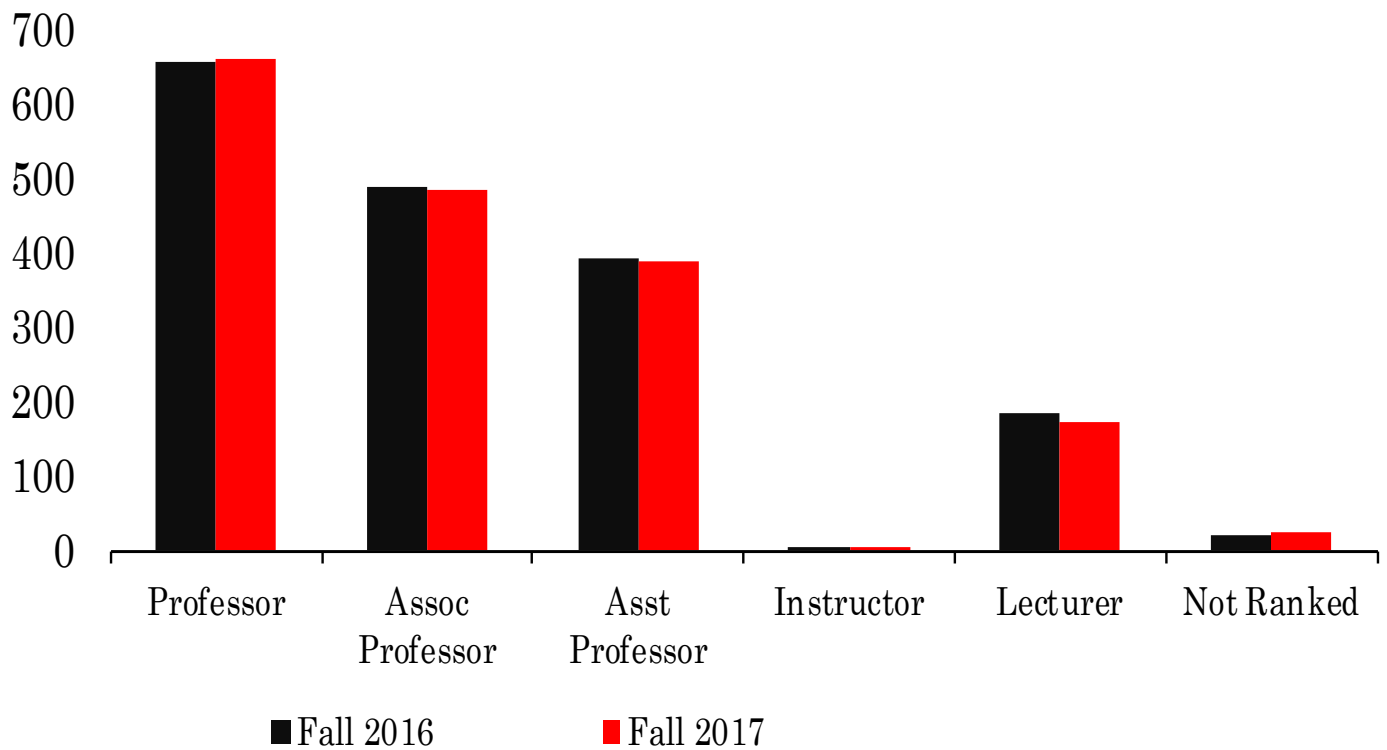
Freshman Admissions by Year



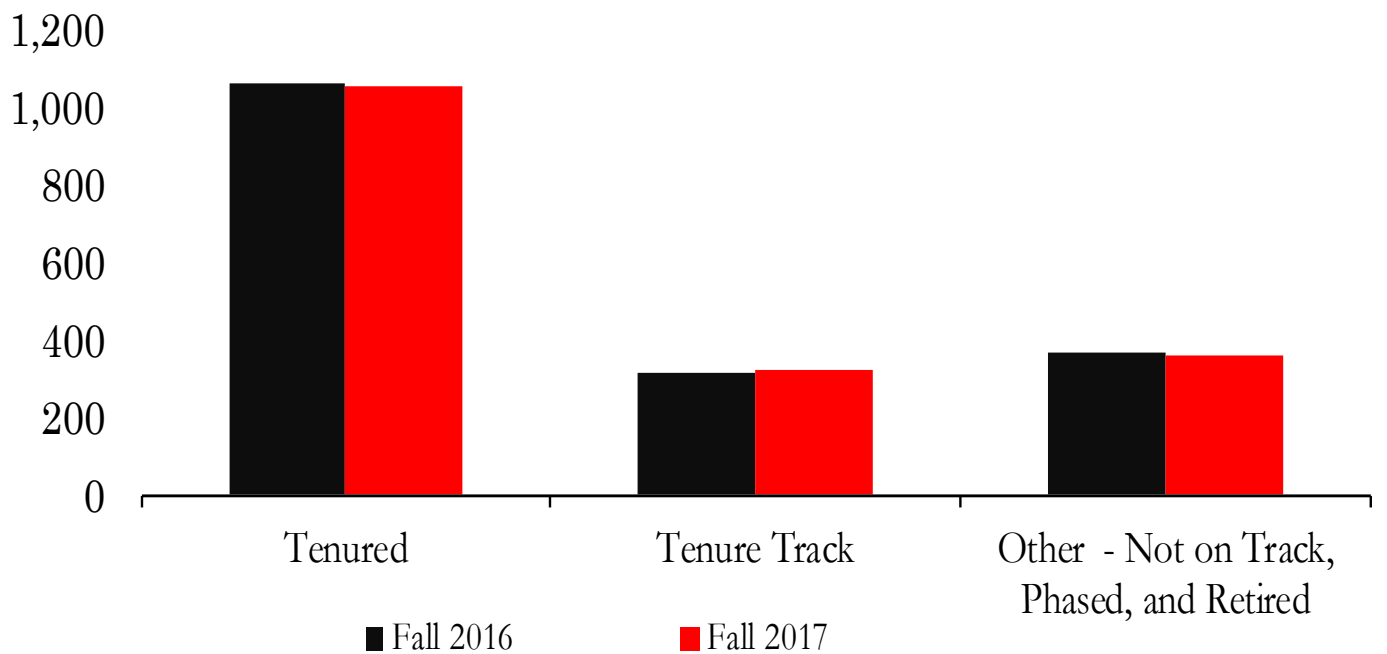
Student Profile
Fall 2017

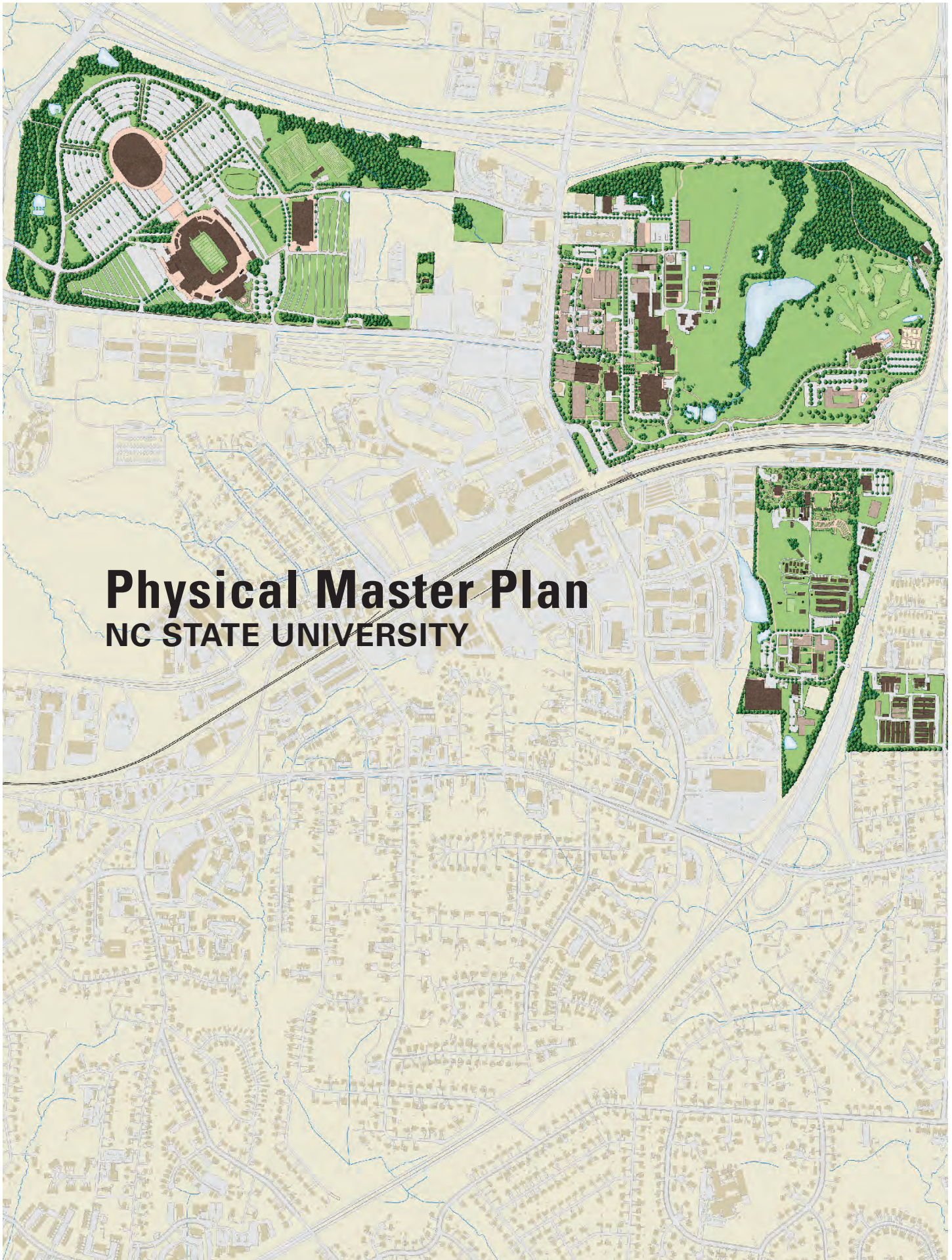


Faculty by Rank



Full Time Faculty by Tenure





Physical Master Plan

NC STATE UNIVERSITY



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EQUAL OPPORTUNITY STATEMENT: NC State University is dedicated to equality of opportunity. The University does not condone discrimination against students, employees, or applicants in any form. NC State commits itself to positive action to secure equal opportunity regardless of race, color, creed, national origin, religion, sex, age, or disability. In addition, NC State welcomes all persons without regard to sexual orientation.

North Carolina State University
Statement of Net Position
Unaudited
As of December 31, 2017 and 2018

	Fiscal Year 2019 As of 12/31/2018	Fiscal Year 2018 As of 12/31/2017	Increase/Decrease
ASSETS			
Current Assets			
Cash and Cash Equivalents	365,134,477.46	310,830,204.63	54,304,272.83
Receivables	166,491,673.70	157,287,718.63	9,203,955.07
Total Current Assets	531,626,151.16	468,117,923.26	63,508,227.90
Noncurrent Assets			
Cash - Capital Improvements	50,142,797.49	58,486,943.00	(8,344,145.51)
Capital Assets Depreciable Net - Note 1	1,848,443,515.34	1,868,274,466.48	(19,830,951.14)
Capital Assets Non-Depreciable - Note 1	156,402,205.27	112,568,077.74	43,834,127.53
Investments	518,553,590.13	485,795,591.58	32,757,998.55
Notes Receivable	11,146,217.35	12,096,301.44	(950,084.09)
Total Noncurrent Assets	2,584,688,325.58	2,537,221,380.24	47,466,945.34
Total Assets	3,116,314,476.74	3,005,339,303.50	110,975,173.24
DEFERRED OUTFLOWS OF RESOURCES - Note 2			
Deferred Outflows Derivatives	0.00	9,026,065	(9,026,065.00)
Deferred Outflows Related to Pensions	95,716,440.00	139,036,517	(43,320,077.00)
Deferred Outflows Related to OPEB	40,809,814.00	38,641,648.00	2,168,166.00
	136,526,254.00	186,704,230.00	(50,177,976.00)
LIABILITIES			
Current Liabilities			
Accounts Payable And Accrued Liabilities	29,142,328.75	20,226,257.63	8,916,071.12
Commercial Paper Payable	25,007,349.12	10,000,000.00	15,007,349.12
Unearned Revenue	5,429,642.32	6,018,652.12	(589,009.80)
Total Current Liabilities	59,579,320.19	36,244,909.75	23,334,410.44
Noncurrent Liabilities			
Bonds Payable	482,249,656.67	501,293,344.85	(19,043,688.18)
Deposits Payable	2,940,810.67	2,709,833.93	230,976.74
US Government Grants Refundable	3,221,418.00	3,674,150.85	(452,732.85)
Notes Payable	63,237,089.68	67,020,687.25	(3,783,597.57)
Unearned Revenue	72,357,569.36	73,897,092.11	(1,539,522.75)
Pension Liability - Note 2	176,617,483.00	202,388,385.00	(25,770,902.00)
OPEB Liability - Note 2	1,161,399,772.00	1,730,004,018.00	(568,604,246.00)
Total Noncurrent Liabilities	1,962,023,799.38	2,580,987,511.99	(599,920,024.43)
Total Liabilities	2,021,603,119.57	2,617,232,421.74	(576,585,613.99)
DEFERRED INFLOWS OF RESOURCES - Note 2			
Deferred Inflows Related to Pensions	5,778,080.00	(9,565,156.00)	15,343,236.00
Deferred Inflows Related to OPEB	558,917,888.00	0.00	558,917,888.00
	564,695,968.00	(9,565,156.00)	574,261,124.00
NET POSITION			
Net Assets			
Beginning Net Position - July 1	559,297,045.16	477,791,450.79	81,505,594.37
Increase In Net Assets	107,244,598.01	106,584,816.97	659,781.04
Total Net Position - Note 3	666,541,643.17	584,376,267.76	82,165,375.41

Notes:

Note 1 - The amounts shown for Capital Assets are the amounts reported on the audited financial statements as of June 30, 2017 and 2018 - adjusted for estimated Depreciation expense. Adjustments for current year asset additions are not included - these adjustments are made at year end.

Note 2 - The amount shown for the Net Pension Liability is reflective of the University's share of the State of NC's collective net pension liability as measured on June 30th 2017. The associated Deferred Outflows and Inflows of Resources will be recognized against Pension expense over future periods (Outflows will increase the expense; Inflows will decrease the expense)

The amount shown for the Net OPEB Liability is reflective of the University's share of the Retirement Health Benefit Fund as of June 30th 2017. The associated OPEB Deferred Outflows and Inflows of Resources will be recognized against OPEB expense over future periods (Outflows will increase the expense; Inflows will decrease the expense)

Note 3 - This statement does not include many year end entries required for university financial reporting, such as various asset reclassifications, fair market value adjustments, additional receivables, additional liabilities including compensated absences and funds held for others.

North Carolina State University
Statement of Revenues, Expenses and Changes in Net Assets
Unaudited
For the Six Months Ended December 31, 2017 and 2018

	Fiscal Year 2019 Through 12/31/2018	Fiscal Year 2018 Through 12/31/2017	Increase/Decrease
REVENUES			
Operating Revenues:			
Student Tuition And Fees	424,572,883.94	406,607,931.41	17,964,952.53
Federal Appropriations	14,461,975.75	11,382,687.00	3,079,288.75
Federal Grants And Contracts	103,664,371.80	99,756,636.17	3,907,735.63
State And Local Grants And Contracts	34,890,648.22	31,571,808.28	3,318,839.94
Nongovernmental Grants And Contracts	45,472,860.28	44,709,084.65	763,775.63
Sales And Services	181,492,361.68	180,714,333.27	778,028.41
Interest Earnings On Loans	106,992.46	108,402.74	(1,410.28)
Other Operating Revenues	9,523,698.32	5,815,960.40	3,707,737.92
Total Operating Revenues	<u>814,185,792.45</u>	<u>780,666,843.92</u>	<u>33,518,948.53</u>
EXPENSES			
Operating Expenses			
Salaries And Benefits	509,065,976.33	486,005,487.41	23,060,488.92
Scholarships And Fellowships	84,258,070.14	80,622,681.91	3,635,388.23
Services	121,184,493.56	118,685,680.09	2,498,813.47
Supplies And Materials	131,623,038.93	107,849,226.19	23,773,812.74
Utilities	16,289,029.11	14,529,201.74	1,759,827.37
Depreciation - Note 1	49,460,694.00	47,821,328.30	1,639,365.70
Total Operating Expenses	<u>911,881,302.07</u>	<u>855,513,605.64</u>	<u>56,367,696.43</u>
Operating Loss	<u>(97,695,509.62)</u>	<u>(74,846,761.72)</u>	<u>(22,848,747.90)</u>
NONOPERATING REVENUES (EXPENSES)			
State Appropriations	136,060,059.77	141,282,405.29	(5,222,345.52)
Gifts	52,005,030.44	39,331,828.26	12,673,202.18
Investment Income (Net Of Investment Expense)	4,596,661.09	2,320,190.35	2,276,470.74
Interest And Fees On Debt	(11,036,568.10)	(11,873,647.30)	837,079.20
Federal Interest Subsidy On Debt	570,993.43	569,159.40	1,834.03
Other Nonoperating Revenues (Expenses)	457,033.59	391,938.27	65,095.32
Net Nonoperating Revenues	<u>182,653,210.22</u>	<u>172,021,874.27</u>	<u>10,631,335.95</u>
Income Before Other Revenues	84,957,700.60	97,175,112.55	(12,217,411.95)
Capital Appropriations	2,671,293.00	3,524,800.00	(853,507.00)
Capital Grants	18,726,037.41	4,417,118.88	14,308,918.53
Capital Gifts	889,567.00	1,467,785.54	(578,218.54)
Increase In Net Assets - Note 2	<u>107,244,598.01</u>	<u>106,584,816.97</u>	<u>659,781.04</u>

Notes:

Note 1 - The amounts shown for Depreciation are estimates based on amounts reported on the audited financial statements for the Fiscal Years ending June 30, 2017 and 2018.

Note 2 - This statement does not include many year end entries required by GASB for university financial reporting, such as tuition discounting, internal sales elimination, capitalization of fixed asset expenses greater than \$5,000, blending of the NCSU Partnership, and other year end entries.

**Extramural Contracts and Grants Expenditures
By Sponsor
(in \$millions)**

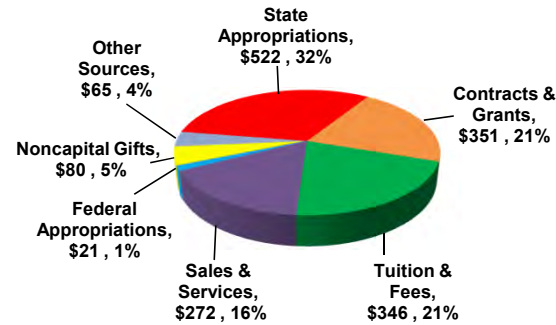
SPONSORS	2015-16	2016-17	2017-18
FEDERAL:			
National Science Foundation	\$49	\$53	\$53
Agriculture	26	27	27
Defense	24	25	27
Public Health Service	20	21	24
Energy	27	25	22
Commerce	6	6	6
Education	4	4	4
Interior	4	3	4
Nat'l Aeronaut. & Space Admin.	2	2	2
Environ. Protection Agency	1	1	1
Other Federal	4	5	5
TOTAL FEDERAL	\$167	\$172	\$175
STATE	39	41	43
PRIVATE / INDUSTRY	81	89	93
TOTAL EXPENDED	\$287	\$302	\$311
<i>Facil. & Admin. included in above</i>	<i>\$49</i>	<i>\$52</i>	<i>\$54</i>

**Extramural Contracts and Grants Expenditures
By Colleges and Units
(in \$millions)**

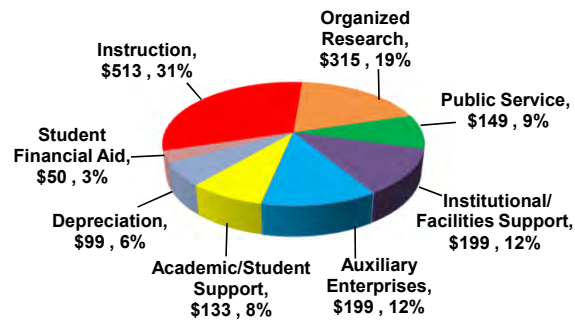
COLLEGES/UNITS	2015-16	2016-17	2017-18
Agriculture & Life Sciences	\$62	\$66	\$68
Design	1	1	1
Education	10	11	14
Engineering	78	84	89
Natural Resources	10	10	10
Humanities & Social Sciences	7	7	7
Sciences	41	39	41
Wilson College of Textiles	6	5	5
Veterinary Medicine	8	9	10
Poole College of Management	1	1	2
TOTAL COLLEGES	\$224	\$233	\$247
OTHER UNITS	63	69	64
TOTAL COLLEGES/UNITS	\$287	\$302	\$311

**2018-19 NC State University Budget
\$1,657 Million**

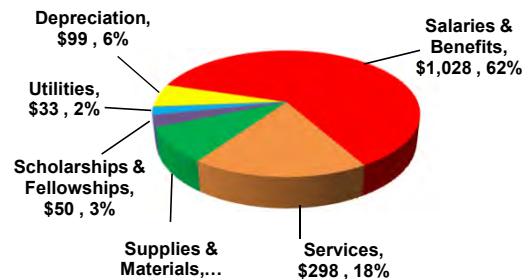
Projected Revenue by Source (in \$millions)



Projected Expenditures by Program (in \$millions)



Projected Expenditures by Account (in \$millions)



NC STATE UNIVERSITY

Budget & Financial Information

Office of Finance & Administration

<https://ofa.ncsu.edu/>



Additional budget and financial information may be found on the following websites:

Division of Budget & Resource Management

<https://brm.ofa.ncsu.edu/>

Budget Central

<https://budget.ncsu.edu/budgetcentral/>

Revenue & Expenditure History
(in \$millions)

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
<u>Revenue Sources</u>			
State Appropriations	\$503	\$506	\$515
Tuition & Fees	291	307	330
Federal Appropriations	14	23	22
Contracts & Grants	323	334	344
Sales & Services	238	253	264
Noncapital Gifts	72	78	76
<u>Other Sources</u>	<u>18</u>	<u>53</u>	<u>60</u>

Total Revenue \$1,459 \$1,554 \$1,611

Operating Expenditures by Program

Instruction	\$429	\$462	\$474
Organized Research	268	277	284
Public Service	119	128	131
Academic/Student Support	112	120	125
Institutional/Facilities Support	173	187	184
Auxiliary Enterprises	165	177	187
Student Financial Aid	46	47	48
<u>Depreciation</u>	<u>89</u>	<u>96</u>	<u>99</u>

Total Operating Expenditures by Program \$1,401 \$1,494 \$1,532

Operating Expenditures by Account

Salaries & Benefits	\$857	\$932	\$950
Supplies & Materials	128	125	133
Services	251	263	272
Scholarships & Fellowships	44	44	45
Utilities	32	34	33
<u>Depreciation</u>	<u>89</u>	<u>96</u>	<u>99</u>

Total Operating Expenditures by Account \$1,401 \$1,494 \$1,532

Endowment Assets \$999 \$1,123 \$1,294

NC State University
Actual Operating Expenditures (in \$millions)
All Funding Sources (excluding transfers)

Summary by College/Division	2015-16	2016-17	2017-18
Agriculture & Life Sciences	\$252	\$278	\$286
Design	14	15	14
Education	35	37	41
Engineering	209	226	237
Natural Resources	39	41	41
Humanities & Social Sciences	62	62	63
Sciences	118	119	117
Wilson College of Textiles	28	26	27
Veterinary Medicine	84	93	92
<u>Poole College of Management</u>	<u>35</u>	<u>38</u>	<u>39</u>
Total Colleges	\$876	\$935	\$957
Provost's Office	\$10	\$12	\$11
Div. of Acad & Student Affairs-DASA	89	93	95
Libraries	39	39	43
Student Financial Aid	227	228	241
<u>Other Provost's Units</u>	<u>83</u>	<u>89</u>	<u>98</u>
Total Provost's Units	\$448	\$461	\$488
Total Colleges & Provost's Units	\$1,324	\$1,396	\$1,445
Chancellor/General Counsel	\$14	\$11	\$11
Ofc. Research Innov/Core Research	68	78	81
University Advancement	20	27	26
Athletics	76	80	83
Finance & Administration	213	218	225
University Utilities	29	29	29
Office of Info. Technology-OIT	60	62	61
<u>University Payments</u>	<u>126</u>	<u>73</u>	<u>132</u>
Total University Services	\$606	\$578	\$648
Total Operating Expenditures	\$1,930	\$1,974	\$2,093
Financial Statement Adjustments	(529)	(480)	(561)
Year-End Financial Report Totals	\$1,401	\$1,494	\$1,532

STUDENT ENROLLMENT

Student Credit Hours (RT & DE)	Actual	Actual	Actual
<u>State Fundable</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Undergraduate	648,967	645,200	661,679
Graduate	140,557	146,573	152,338
Total	789,524	791,773	814,017

Unduplicated Headcount	Fall 2015	Fall 2016	Fall 2017
Undergraduate	24,111	23,827	24,150
Graduate (incl. DVM)	9,904	9,928	10,282
Total	34,015	33,755	34,432

Tuition, Fees, & Other Education Costs
(Per Academic Year)

Undergraduate		2017-18	2018-19
NC Resident:	Tuition	\$6,535	\$6,535
	Fees	2,523	2,566
Non-Resident:	Tuition	\$24,883	\$25,878
	Fees	2,523	2,566
<u>Other Estimated Costs</u>			
Housing		6,618	6,714
Meals		4,236	4,364
Books & Supplies		1,082	1,082
Personal Expenses		1,556	1,576
Transportation		1,088	1,100

Graduate			
NC Resident:	Tuition	\$8,492	\$8,917
	Fees	2,535	2,578
Non-Resident:	Tuition	\$23,967	\$25,405
	Fees	2,535	2,578
<u>Other Estimated Costs</u>			
Housing		8,802	8,802
Meals		4,236	4,364
Books & Supplies		854	854
Personal / Travel Expenses		3,740	3,740

Doctor of Veterinary Medicine (DVM)			
NC Resident:	Tuition	\$16,436	\$16,861
	Fees	2,535	2,578
Non-Resident:	Tuition	\$42,626	\$44,064
	Fees	2,535	2,578
<u>Other Estimated Costs</u>			
Living Allowance		13,038	13,166
Books & Supplies		1,375	1,375
Personal / Travel Expenses		4,914	4,914

Effective with the Fall 2016 semester, the State of NC and NC State University implemented the Fixed Tuition Program in which tuition for all resident bachelor's degree-seeking freshmen will be fixed for eight consecutive semesters (N.C.G.S. § 116-143.9) .

Some professional, graduate, and certificate programs have an additional "premium tuition" charge.

More information on Tuition & Fees may be found on:
<https://studentservices.ncsu.edu/your-money/tuition-and-fees/>

The Endowment Fund of North Carolina State University 2018 Annual Report

BACKGROUND

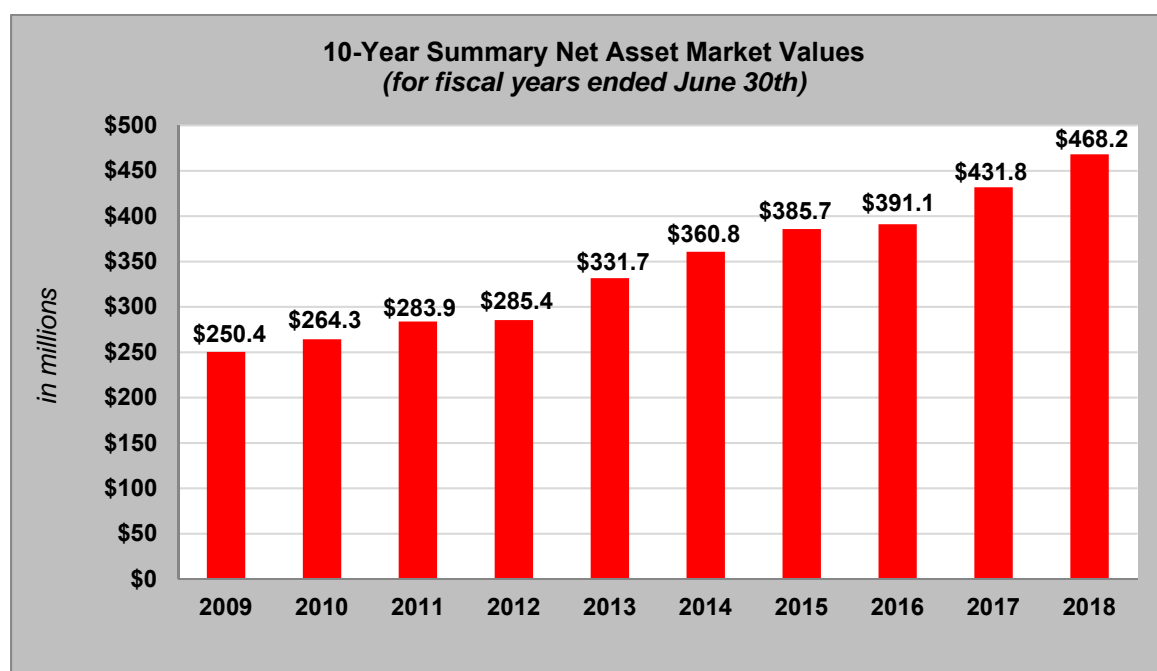
The Endowment Fund of North Carolina State University (Endowment Fund) was created by North Carolina General Statute §116.36, and is reported in the university's financial statements. The Endowment Fund is subject to review by State of North Carolina auditors as part of their annual university audit.

The Board of Trustees of the Endowment Fund (Board) is responsible for the prudent investment of endowment assets and is subject to NC General Statute 36E "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) as well as any requirements placed on the endowments by contract or donor agreements.

REPORT

The Endowment Fund's net assets were \$468.2 million at June 30, 2018 as compared to \$431.8 million at June 30, 2017, an increase of 8.4%. The increase is primarily attributable to net investment gains and appreciation in fiscal year 2018. The net \$36.4 million increase includes \$33.8 million in net investment gains and appreciation, \$13.2 million in gifts and matching, less endowment spending and transfers to other university funds of \$10.6 million.

Net assets are made up of cash (\$27.2 million), directly owned programmatic assets (\$89.1 million), pooled real estate (\$2.8 million), and pooled long-term investments (\$349.1 million). There are 252 endowments, consisting of 80 scholarships, 9 fellowships, 111 professorships and 52 endowments with a variety of other purposes. A ten-year historical chart of net asset values is provided below:



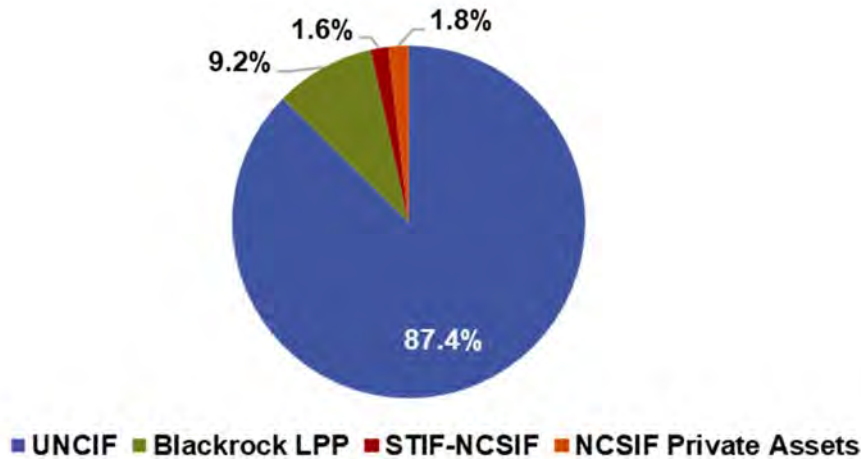
The Endowment Fund's investable assets of \$349.1 million are held with the NC State Investment Fund, Inc. (NCSIF).

During the fiscal year, the NCSIF continued its investment with UNC Management Company (UNCMC). UNCMC provides investment management services to the constituent institutions of the UNC System through a pooled investment vehicle called the UNC Investment Fund (System Fund). The NCSIF began investing its non-committed assets with the System Fund effective July 2008 with completion of the transition occurring December 2009, and has a 14% membership interest in the System Fund as of June 30, 2018.

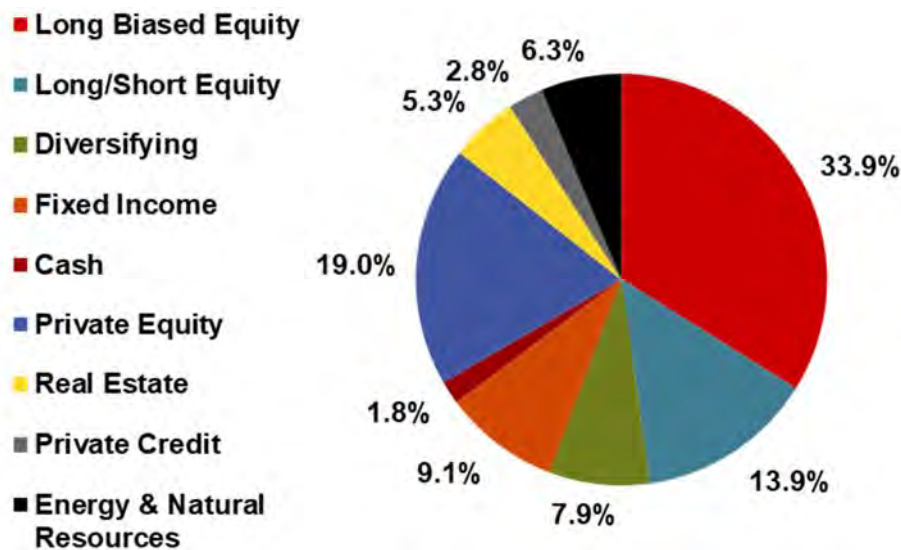
In addition to the allocation with the System Fund of \$880.81 million as of June 30, 2018, the NCSIF had \$18.58 million with other managers in private equity funds, \$92.58 million in a BlackRock Liquid Policy Portfolio (LPP), and \$16.40 million in the State Treasurer's Short-Term Investment Fund (STIF).

For the long term, the primary investment objective for the NCSIF is to earn a total return (net of investment and custodial fees) within prudent levels of risk, sufficient to maintain in real terms the purchasing power of the NCSIF and to meet the spending needs of the participants. To help meet this investment objective, the NCSIF invests in various asset classes to offer diversification. The purpose of diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the performance of the total fund.

NCSIF's allocation to managers as of June 30, 2018 is as follows:



NCSIF's actual asset allocation as of June 30, 2018 is as follows:



For the fiscal year ended June 30, 2018, the NCSIF experienced a net investment return of 11.6% compared to the policy benchmark of 7.3%. The NCSIF's annualized 5-year return as of June 30, 2018 was 9.2% as compared with the System Fund of 9.2% and to the policy benchmark of 7.2%.

Respectfully submitted,

Board of Trustees of the Endowment Fund of North Carolina State University

MEMORANDUM

TO: Executive Officers and Deans
Office of Finance and Administration Leadership Team
Development Officers

FROM: Mary Peloquin-Dodd, Associate Vice Chancellor, Finance and University Treasurer
Mary Peloquin-Dodd

SUBJECT: University Endowment Market Value and Investment Performance for Fiscal 2018

DATE: October 5, 2018

I am pleased to report that the university's total endowment closed fiscal year 2018 at approximately \$1.3 billion. Specifically, NC State will report a June 30, 2018 market value of \$1.294 billion in total endowment for the University and its associated entities to NACUBO and other national endowment surveys. Our aggregate investment return was 11.4% for fiscal 2018. For comparative purposes, the value reported for fiscal 2017 was \$1.123 billion and the investment return was 12.1%.

Fiscal 2018 was a good year for investment market performance and for college and university endowments. The NC State Investment Fund (NCSIF), our centrally managed pooled investment fund, returned 11.6% for fiscal 2018. The Fund's one, three and five year average annual returns of 11.6%, 7.2%, and 9.2% as of June 30, 2018 place it in the top quartile relative to other university endowments.

Our endowment is invested for the long-term with an outlook that is considerably longer than what we manage to as individual investors in our retirement or personal savings. Our endowment also includes a number of components across a number of entities, but in total, represents a highly diversified portfolio of assets ranging from fixed income, to domestic and global equities and private assets. The purpose of diversification is to help ensure that no single class of securities has a disproportionate impact on aggregate performance results. In addition, we have sufficient liquidity since over 30% of the endowment could be liquidated within a month.

We invest in a global market characterized by geopolitical uncertainty, rising interest rates, and high equity valuations. Despite a solid economy, we expect a slow rate of economic growth going forward.

Growing our endowment has been a high priority for NC State. A combination of extraordinary growth in gifts and the continuing success of NC State's "Think and Do the Extraordinary" Campaign have helped to accomplish this goal.

For more information on the NCSIF, please use this link:
<https://foundationsaccounting.ofa.ncsu.edu/investment-fund/>

NC STATE UNIVERSITY FINANCIAL REPORTING FOR INTERCOLLEGIATE ATHLETICS

NC State University Board of Trustees
Audit, Risk Management, & Finance Committee
February 21, 2019

A. EXECUTIVE SUMMARY

This document provides financial and related statistical information within the framework of the University of North Carolina System of Higher Education's commitment to ensuring integrity and transparency as it relates to Intercollegiate Athletics. Reported to the Chancellor and Board of Trustees of NC State University, as well as the President and Board of Governors of the University of North Carolina System, this document provides information helpful to understanding the operations of NC State Intercollegiate Athletics and its relationship with the University.

In compliance with UNC Policy on Academic Activities of Student-Athletes (1100.1), Financial indicators of Campus Athletics Departments (1100.1.1[R]), and Academic Integrity (700.6.1.[R]), the following information has been included in this report: NCAA Dashboard reports for Fiscal Year 2016-17 (Attachment A); Fiscal Year 2018-19 Athletics Operating Budget (Attachment B); athletics related student fee data for Fiscal Year 2018-19 (Attachment C); NC State Student Aid Association Audited Financial Statements (Attachment D); and "Booster" Club Operating Procedures (Attachment E). For additional perspective, selected actual revenues and expenditures for Fiscal Years 2011, 2017, and 2018 are provided on pages two and three.

NC State began holding intercollegiate athletic contests in 1892. We are a charter member (1953) of the Atlantic Coast Conference and are included in the Division I Football Bowl Subdivision. NCAA rules compliance, academic integrity, sound financial planning, student-athlete welfare, as well as appropriate University oversight are required.

NC State Athletics is not a separately incorporated entity. Rather, we operate as a self-supporting auxiliary unit within the established University structure.

B. NCAA PRESIDENTIAL DASHBOARD INDICATORS for 2016-2017:

The NCAA Presidential Dashboard provides seven key financial indicators (Attachment A). These indicators use percentage rankings to compare NC State with the Atlantic Coast Conference (ACC), Football Bowl Subdivision (FBS), Power 5 and other public universities, as well as those programs with budgets greater than \$50 million. In addition to comparative percentile rankings, each of the seven key financial indicators is reported showing data points over a six year period.

1. Athletics Generated Revenues as a Percentage of Total Athletics Revenue

- In 2016-17, 92% of NC State Athletic Revenues were generated through Ticket and Parking Sales, Conference Distributions, Scholarship Funds, Media Rights and Apparel Agreements (Uniforms and Equipment). This ratio has remained relatively consistent over the six years ended June 30, 2017. NC State is in the 70th percentile as compared to all other ACC Institutions and in the 38th percentile compared to the Power Five. (Attachment: A-1)
- The remaining 8% of NC State Athletic Revenue derives from Student Fees in exchange for thousands of free student tickets to various athletic contests.
- Actual and projected revenues over the past nine years are shown below. Media Rights and Apparel Contracts will have increased more than seven times from FY11 to FY19; ACC Conference Distributions (Gross) will have more than doubled; and Scholarship Contributions will have nearly doubled. Mandatory University increases, loss of out-of-state tuition waiver, and changes in NCAA Legislation increased the need for scholarship funding. Ticket Sales and Parking have increased approximately 21% over the past nine years.
- In 2017-18, 21 of 23 teams advanced to NCAA Championships, with 12 ranked in the top 25. Both are all-time bests for NC State.
- We have continued our competitive success with a current ranking of 10th in the final fall standings of the Learfield Director's Cup.

Generated Revenues (in '000s)	Actual 2010-11	Actual 2017-18	Projected 2018-19
Conference Distributions	\$11,875	\$29,056	\$29,733
Ticket & Parking Sales	19,613	21,373	23,701
Scholarship Contributions	8,019	13,767	15,012
Media Rights & Apparel Contracts	1,153	8,306	8,438

2. Net Revenues

- The “peak” in FY 2014 Net Revenues (Attachment A-2) is caused by a material difference in expenditure recognition between the NCAA and NC State Athletics. We record both principal payments on debt and capital costs as expenditures, and in FY 2014, the NCAA did not. As a result, the FY 2014 Net Revenue “surplus” of \$6.5M is higher by \$4.3M in the NCAA Graph than in NC State reports.

- The steep decline in Net Revenues after FY 2014 (Attachment A-2) results in part from a change in NCAA reporting requirements beginning in FY 2015 – i.e., to reclassify debt principal payments as expenditures. The effects of this reporting change – along with other cash-basis practices in our internal reporting – contributed to the appearance of a \$3.2M Net Revenue deficit in FY 2017. The remainder of the deficit resulted from a planned \$1.8M expenditure of Athletic Department reserves to fund a transition in the Men’s Basketball coaching staff along with coaching changes in four other sports.

3. Total Expenditures

- Expenditures for Fiscal Year 2016-17 totaled \$86.9 million, as reported on the NCAA Division I Financial Annual Report. (Attachment: A-3).
- \$86.9 million ranks in the 23rd percentile of the ACC and is below the conference median by approximately \$4.5 million. We rank in the 17th percentile of the Power Five, \$18.7 million below the median.
- Over the past eight years, internally recorded expenses have increased approximately 74%, with the largest increases in the areas of student-athlete support and travel as follows:
 - 57% increased spending from \$4.7 million to \$7.4 million in Student-Athlete Support operations, including Sports Medicine, Nutrition, Strength and Conditioning, Academic Support, Student-Athlete Development and Leadership Training.
 - 131% increase from \$2.8 million to \$6.8 million in Team Travel expenses, allowing student-athletes to compete and return safely and expeditiously to attend class.

Note that NCAA-reported revenues and expenditures in 2016-17 include approximately \$4.0 million of in-kind contributions that are not recorded internally.

4. Salaries and Benefits as a Percentage of Total Athletic Expenditures

- Salaries and benefits: Mandatory, regulatory and sports program increases ensure student-athletes are receiving skilled instruction, proper guidance from experienced coaching staff and other professionals whose roles are critical in the development and consistent implementation of sound policies and practices related to risk management, compliance, student-athlete support and safety. (Attachment: A-4)
- NC State Athletics provides 100% of all compensation paid to coaches and staff through the Athletic Operating Fund to best ensure transparency. No salaries or salary supplements are paid via third party agreements, as has been the case since 2010-11.

- The NC State ratio of salaries and benefits to total athletic expenditures is 38.2% and ranks in the 77th percentile of the ACC and the 75th percentile of the Power Five.

5. Athletics Expenses per Student-Athlete

- Expenditures of \$163,086 per student-athlete at NC State is in the 43rd percentile of the ACC. Spending per student-athlete has increased by \$55,170, or 51%, over the past six years. (Attachment: A-5)
- NC State supports 23 sports and approximately 530 student-athletes (unduplicated number), a number of which participate on more than one team.

6. Athletics Expenditures as a Percentage of Institutional Expenditures

- Athletic Expenditures were 6% of Total Institutional Expense in Fiscal Year 2016-17. This rate has grown by 1.6% since 2011. In 2016-17, one percent of Total Institutional Expense was approximately \$14.9 million. The 6% rate puts NC State at the 43rd percentile of the ACC. (Attachment: A-6)
- Note that NC State Athletics is fully self-supporting and, as such, any increases in revenues and related expenditures are earned and not “appropriated.”

7. Spending Increase Gap

- This category compares the athletics expenditures rate of change with the university expenditures rate of change. A positive value means the athletics expenditures rate of change outpaced the university expenditures rate of change. A negative value means the university expenditures rate of change outpaced the athletics expenditures rate of change.
- NC State Athletics rate of change was 2.2% higher than that of the University in 2016-17. It may be worth noting that, except for the ACC in 2013, none of the indices fall below zero. (Attachment: A-7)

8. FISCAL YEAR 2018-2019 OPERATING BUDGETS

1. Revenue Budget

- NC State Athletics Operations Revenue Budget for Fiscal Year 2019 is approximately \$85.5 million; an increase of 3.7% over the prior year. The increase is due primarily to Media Rights, Apparel Contracts, and Ticket/Suite Sales. (Attachment: B-1)

2. Expense Budget

- NC State Athletics Operations Expense Budget for Fiscal Year 2019 is approximately \$85.4 million; an increase of 3.8% over the prior year budget. (Attachment: B-1)
- Salaries and Benefits are expected to increase by 5.6% due to mandatory increases at the state level, retention increases to ensure our most skilled and successful staff remain available for our student-athletes, and contracted transition payouts.
- We project scholarship needs to increase by approximately 5.4% from FY18 to FY19, primarily due to increases in Out-of-State Tuition, and Room and Board.
- Overall, other categories of expense are expected to remain relatively flat.
- The Operating Reserve grew from \$1 million in 2010 to \$4.6 million by June, 2016. \$1.8 million of the reserve was utilized in FY17 to fund transition costs for the Men's Basketball Program, resulting in a current reserve of \$3.5 million as of June, 2018. We recognize the need to continue to grow the reserve to ensure funding is available for any unanticipated drop in ticket revenues. The ACC Network begins in August, 2019 and those additional dollars will be important to us. The first payment will be June, 2020.

D. STUDENT FEES

1. Student Fee Rate

- Our Intercollegiate Athletics Student Fee for FY18-19 is \$232 or 9.8% of all University fees with \$222 funding Athletic Operations and \$10 funding multiple facilities requests. (Attachment: C-1)
- This fee is the lowest in the UNC System. (Attachment: C-2)
- NC State Athletics has not requested a fee increase since 2012-13.

2. Revenue Generated from Student Fees

- In Fiscal Year 2018-19, the \$232 fee for Intercollegiate Athletics will generate approximately \$6.7 million or approximately 8% of the Operating Revenue Budget. (Attachment: C-1)

E. OTHER ATHLETICS RELATED REPORTING REQUIREMENTS

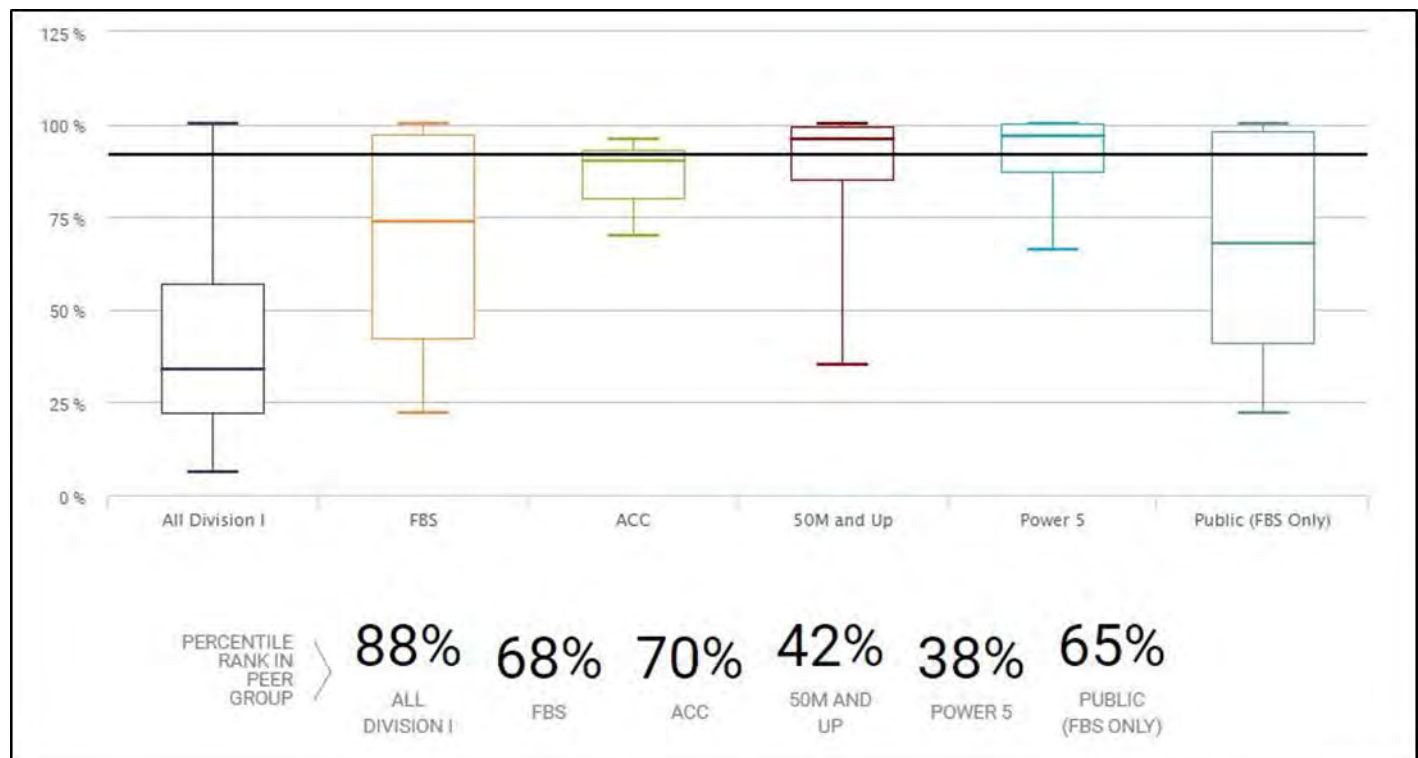
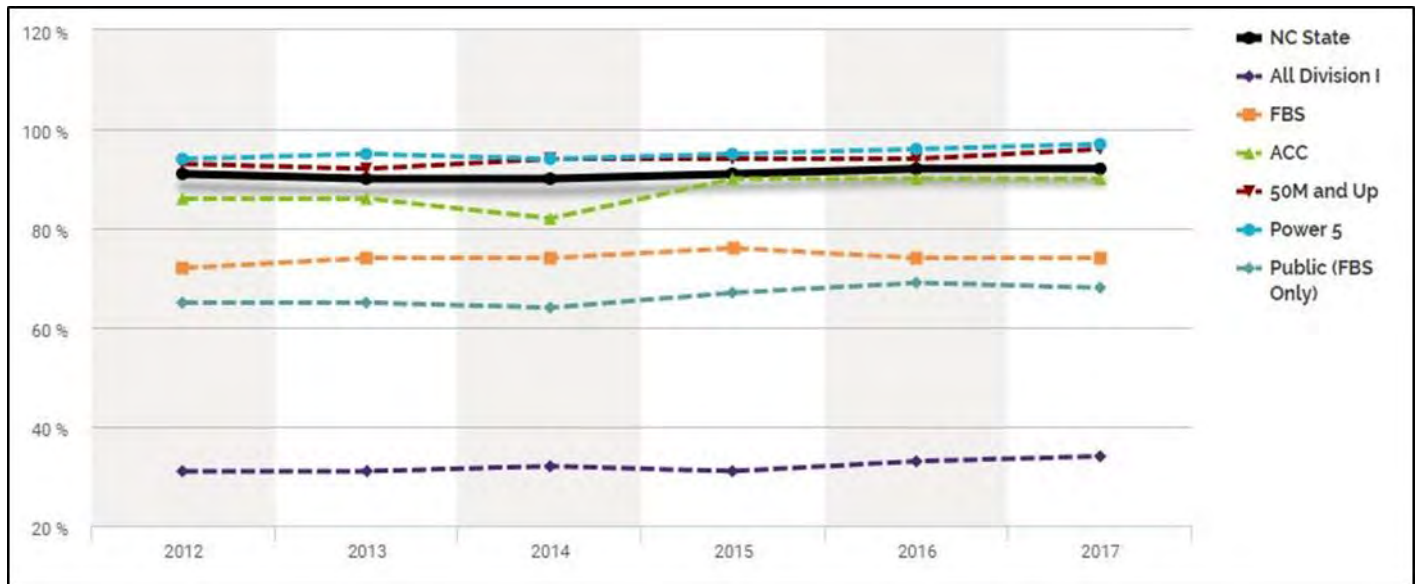
Booster Club Organization

- Audited Financial Statements of the NC State Student Aid Association (Wolfpack Club) as of June 30, 2017 are attached (Attachment D). This report includes a signed audit report and Management Letter from the independent auditors. "Booster" Club Operating Procedures are attached. (Attachment E)
- The NC State Student Aid Association, Inc. (Wolfpack Club) is a private, non-profit corporation organized under the laws of North Carolina and is separate from the University. Reporting requirements are provided by the Executive Director of the Wolfpack Club, Mr. Bobby Purcell.

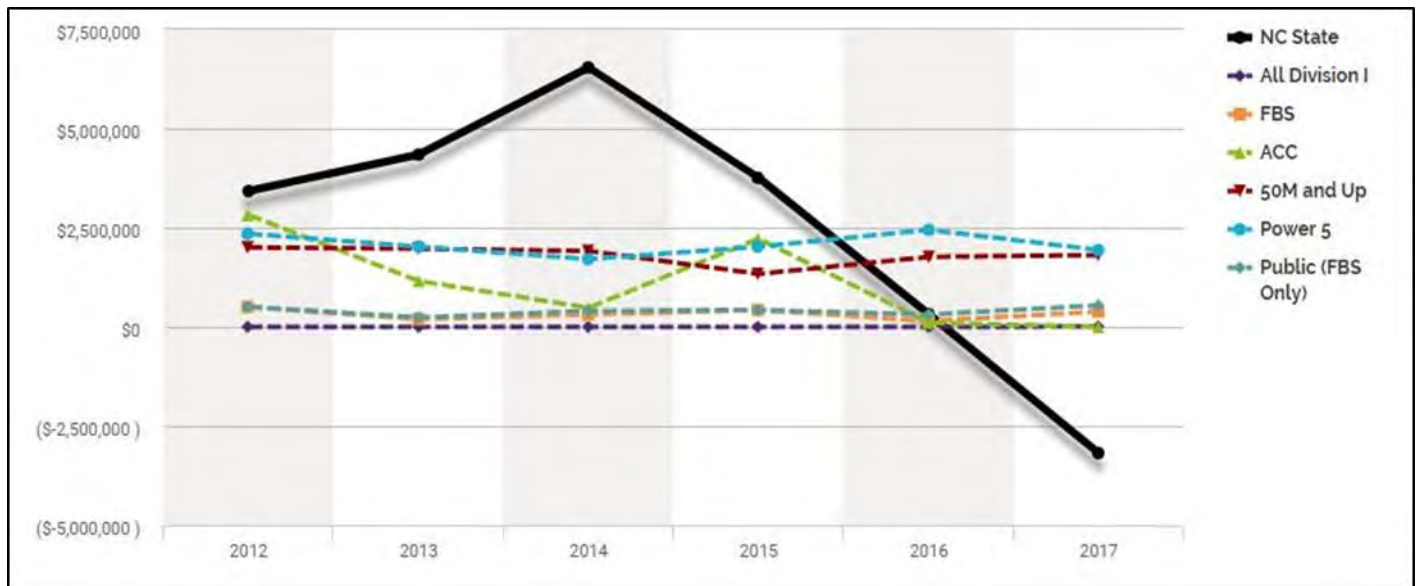
NCAA Graphs and Charts

Fiscal Year 2016-17

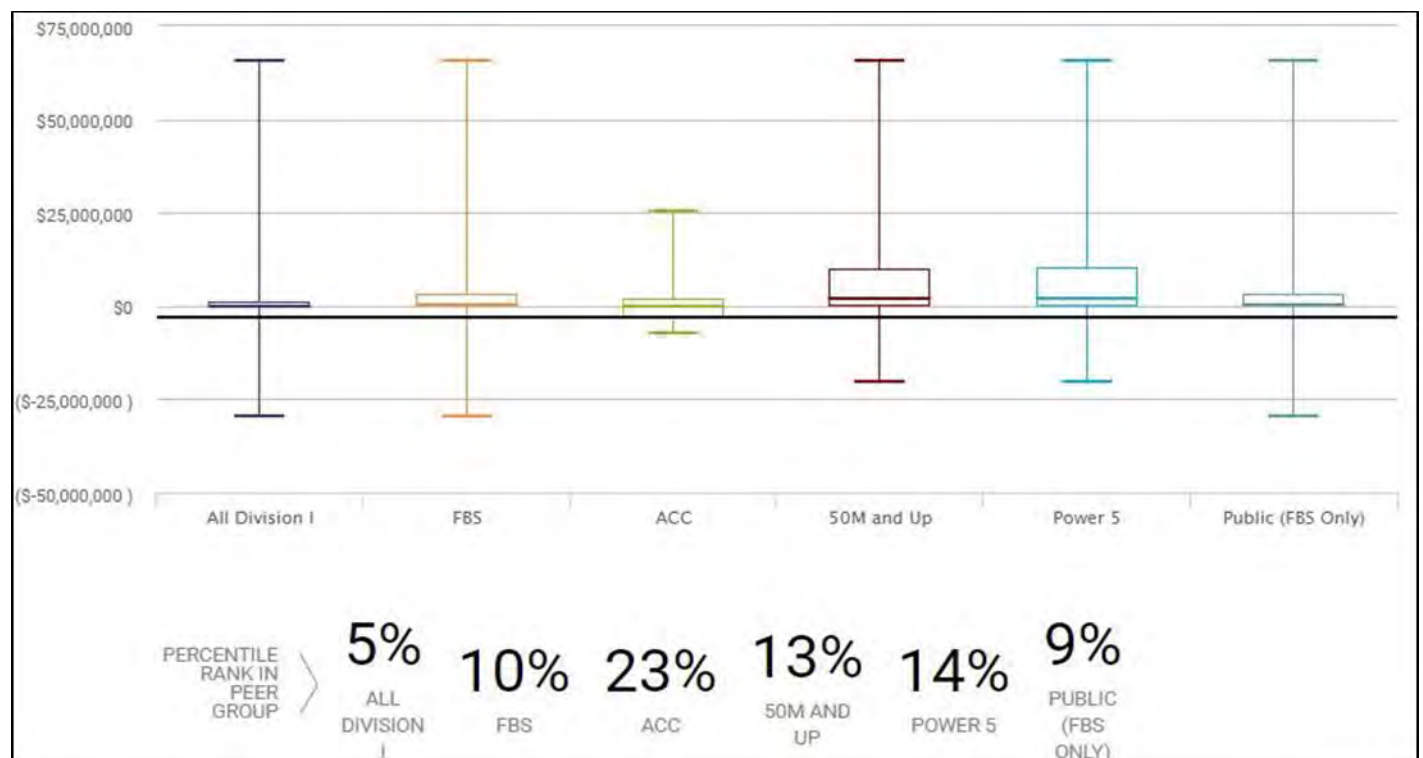
Generated Revenue as a % of Revenues



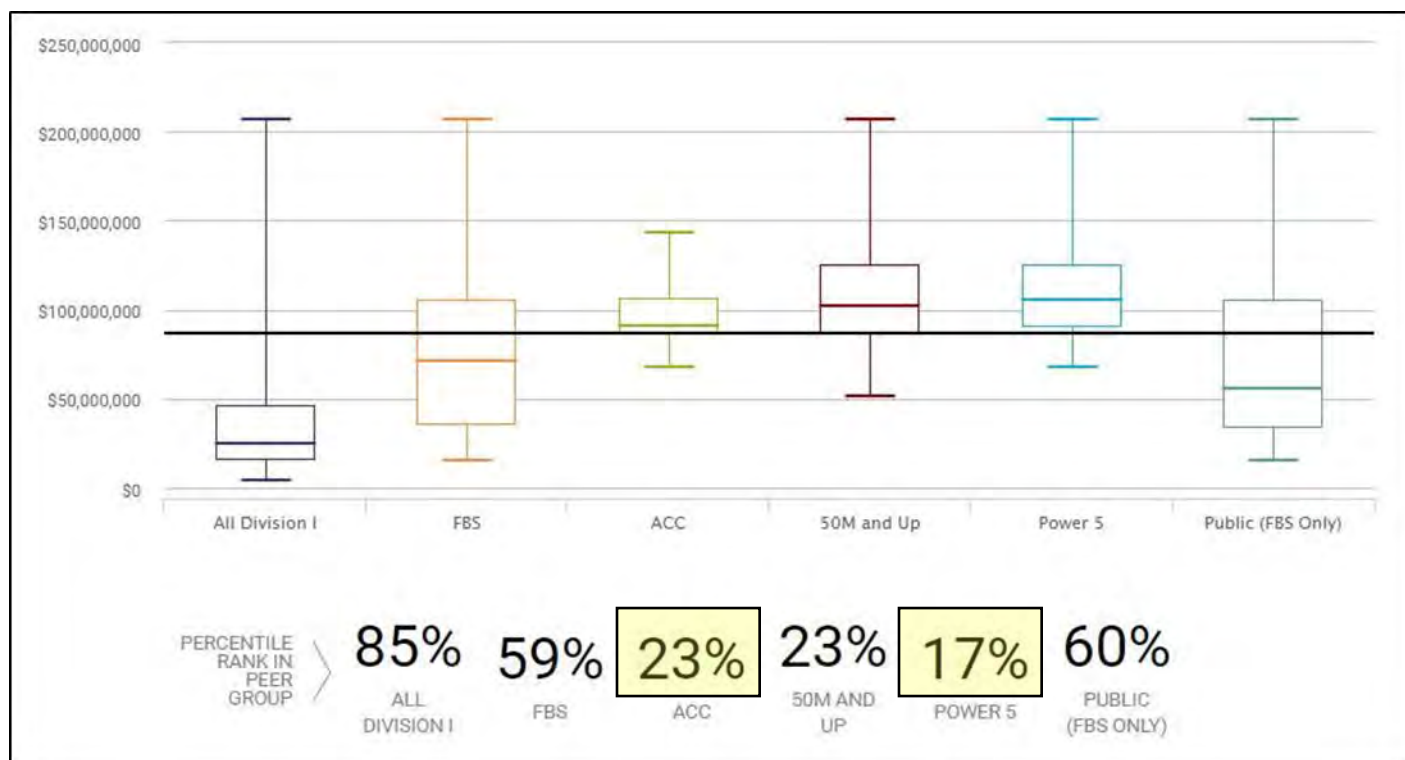
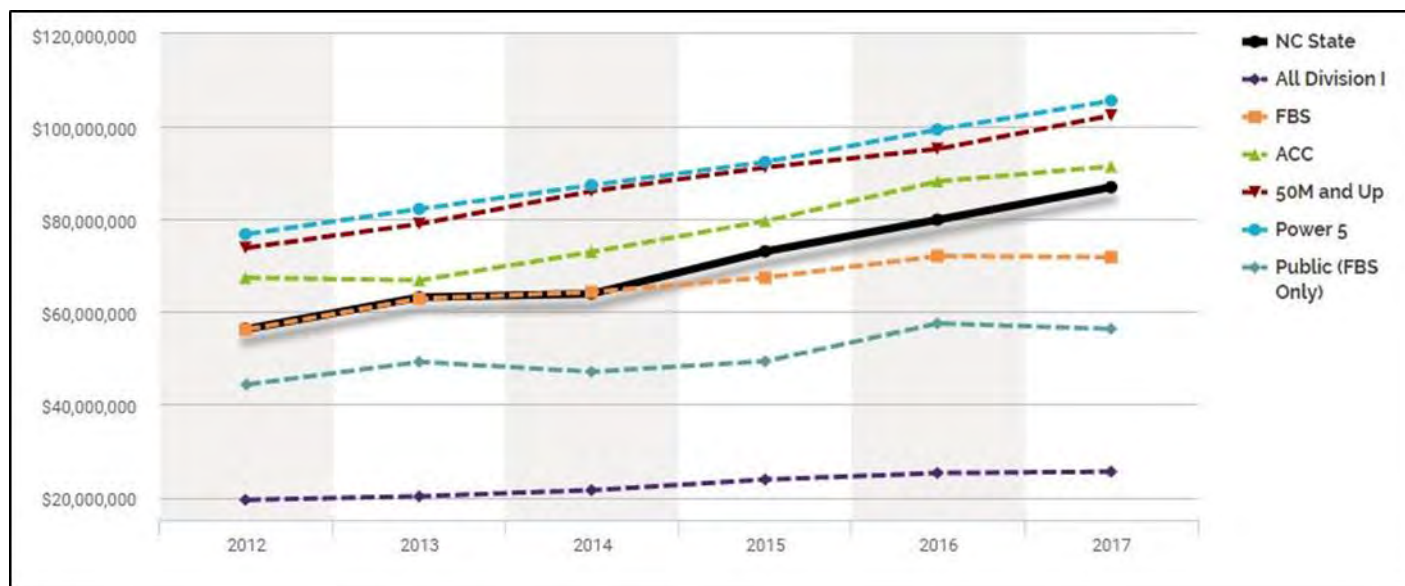
Net Revenues



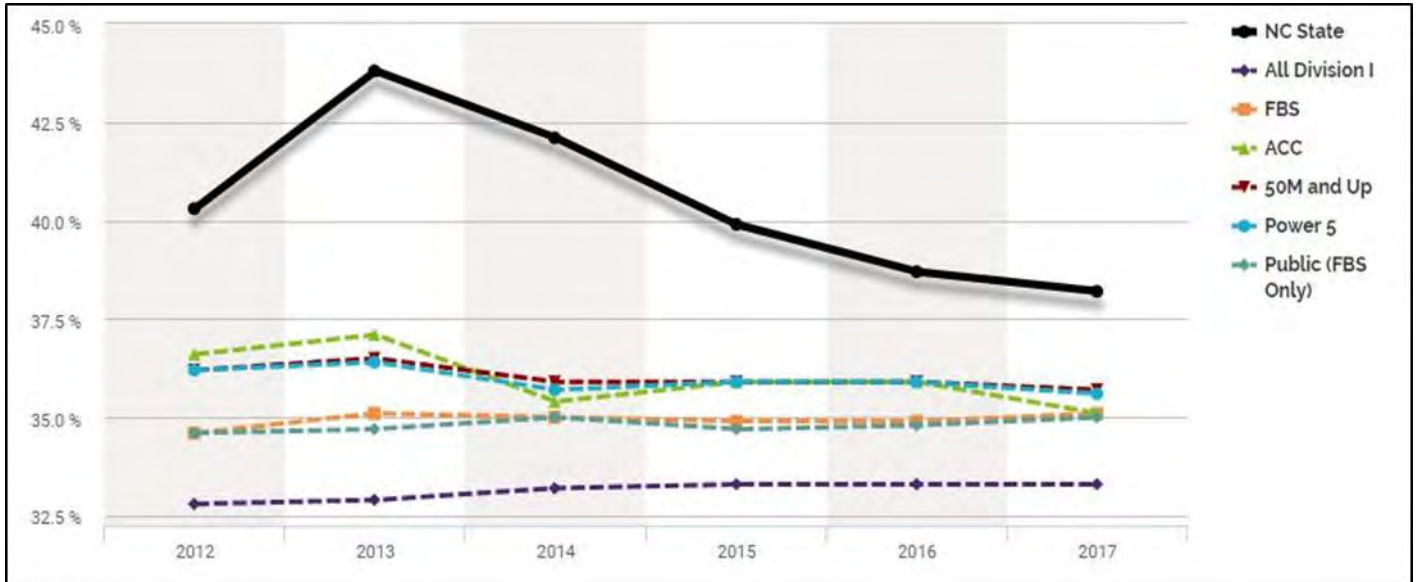
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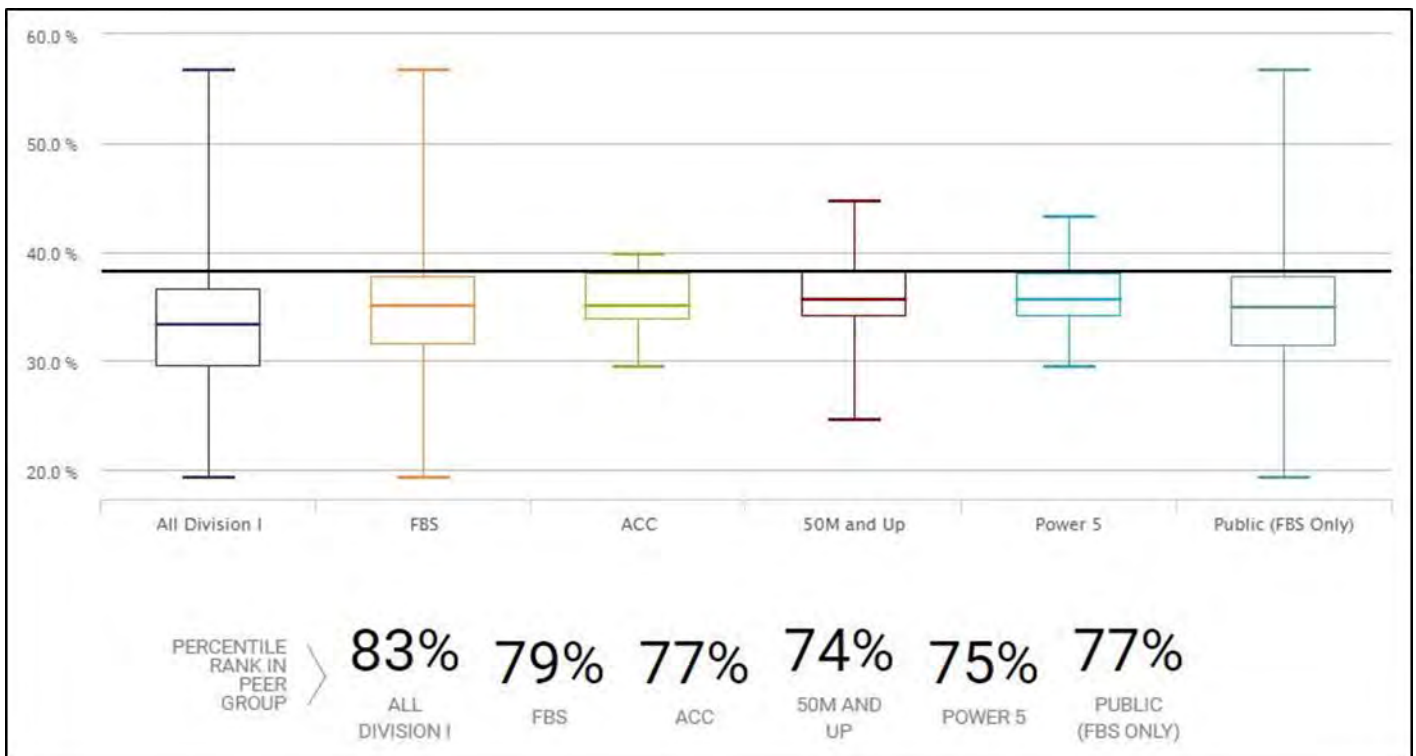
Total Expenses



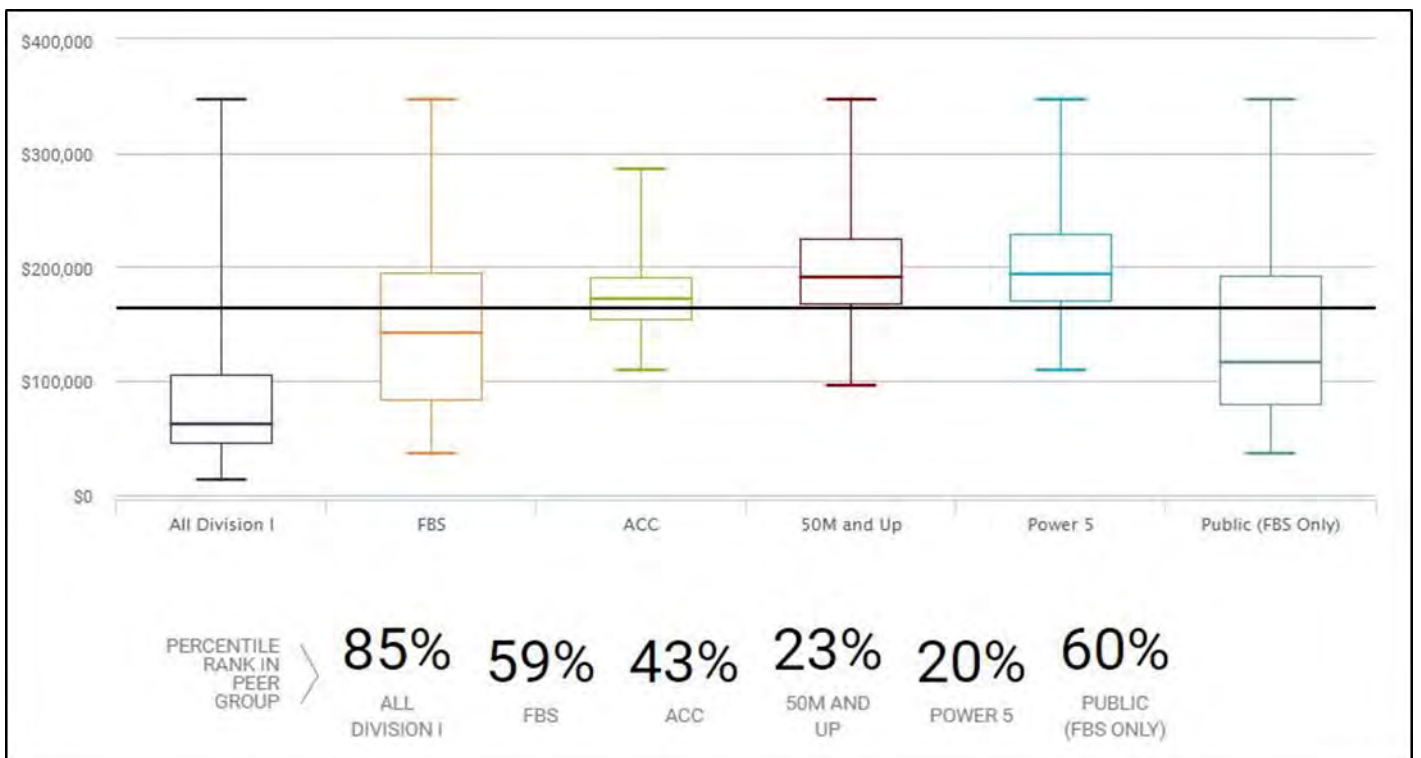
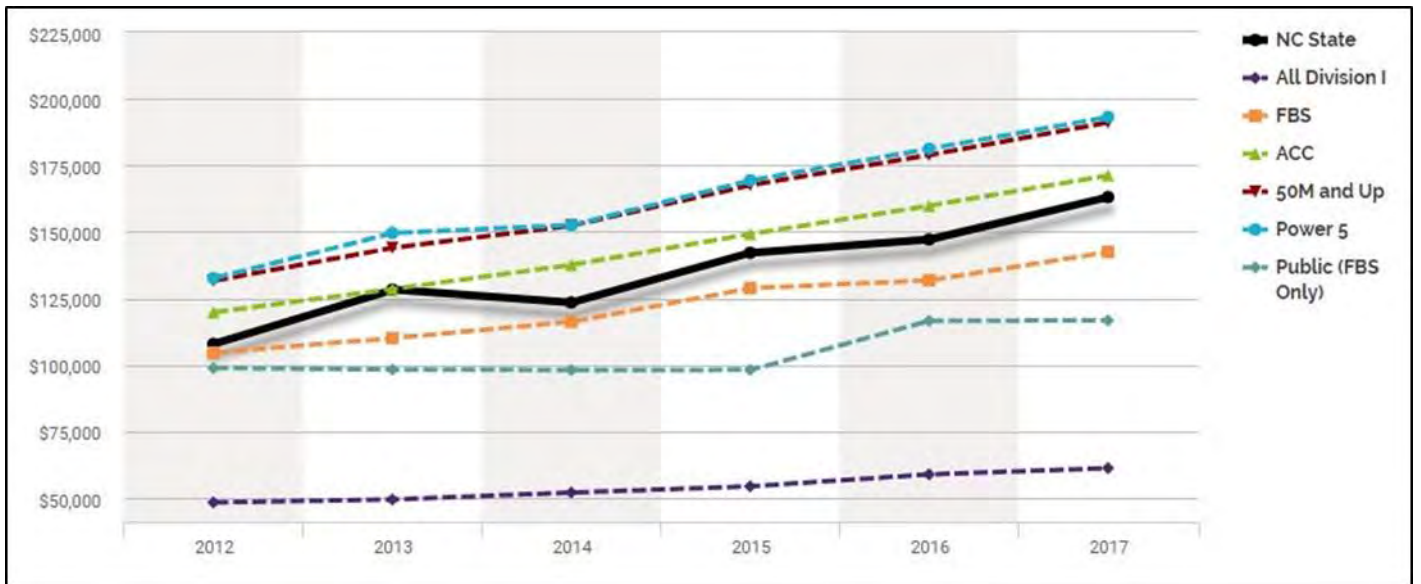
Salaries, Benefits and Severance as a % of Expenses



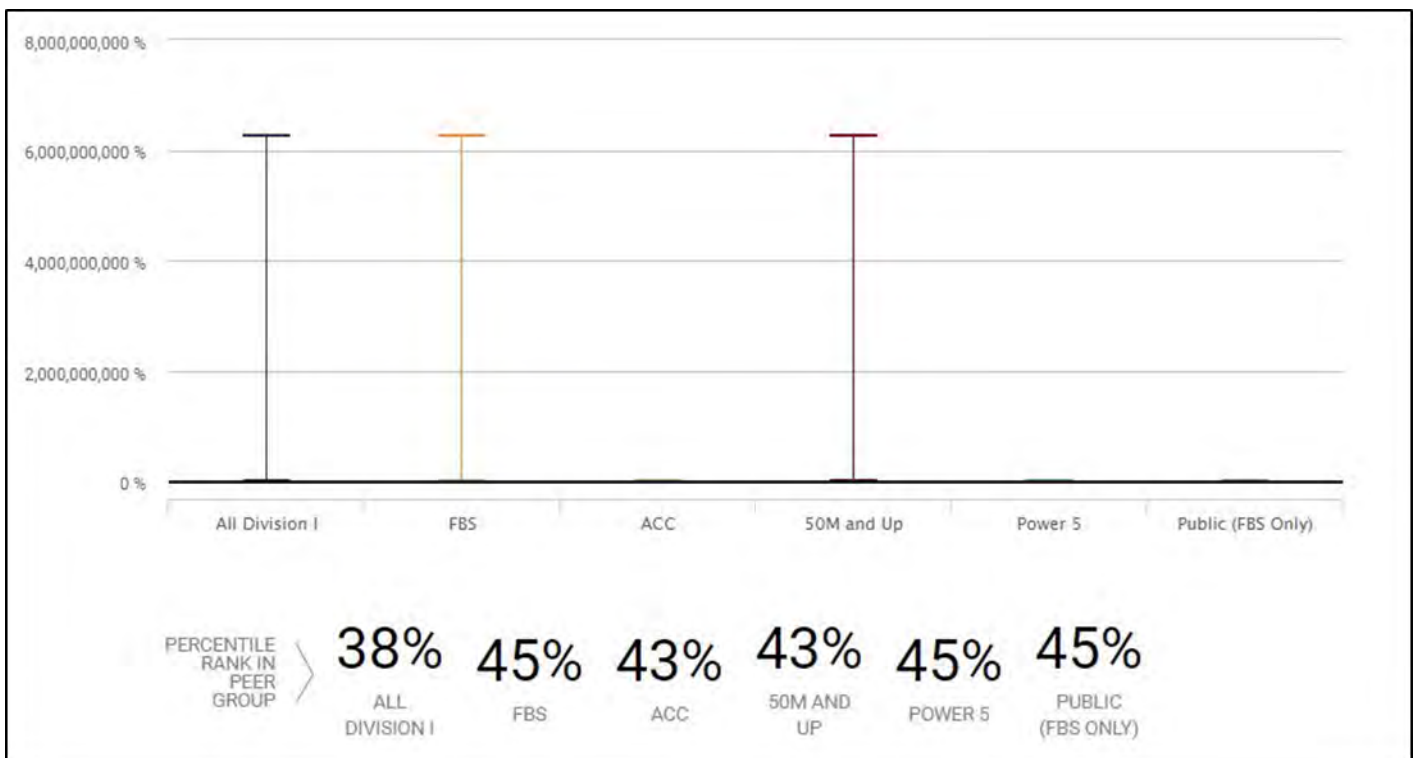
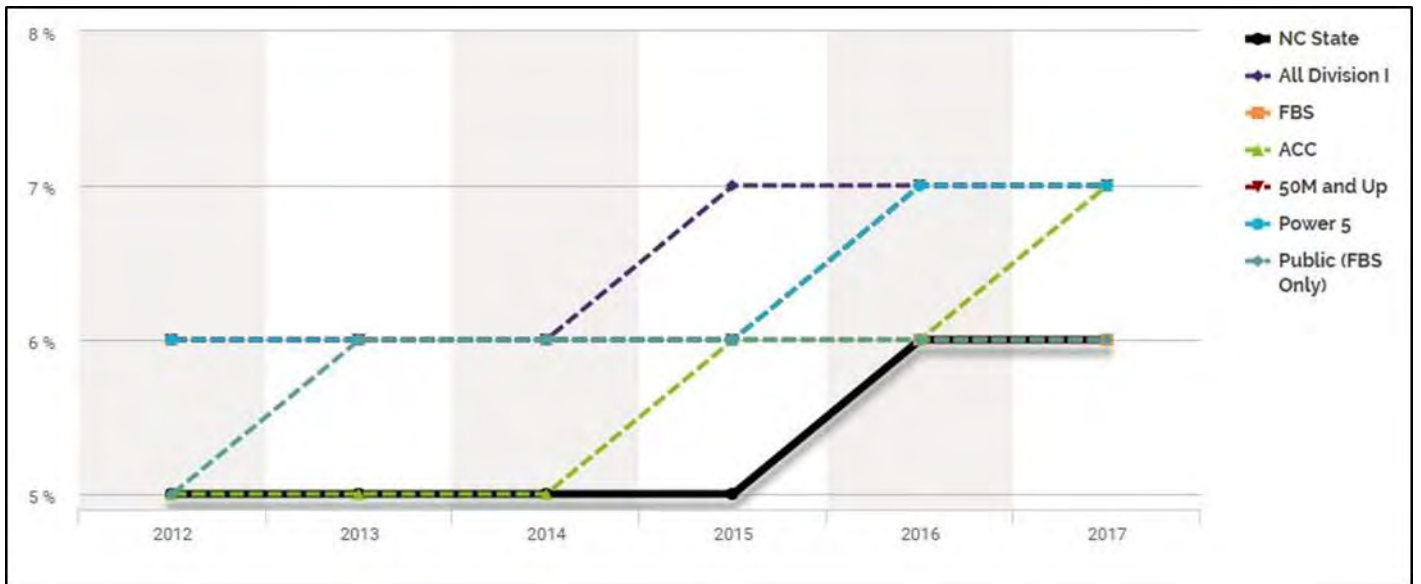
The peak in the above graph during FY13 is largely due to the transition of our Football coaching staff, which included contract buyouts for the incoming staff, and severance payments for the outgoing staff.



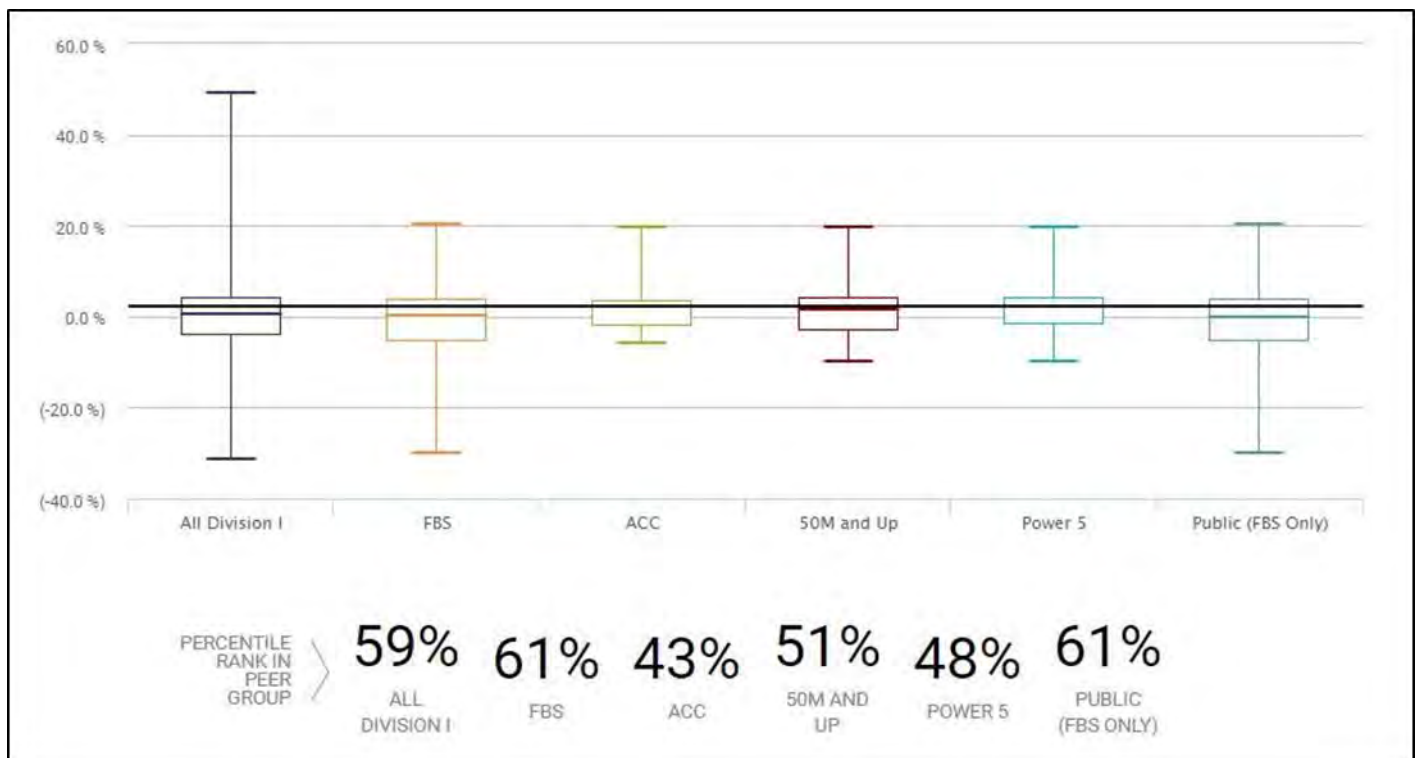
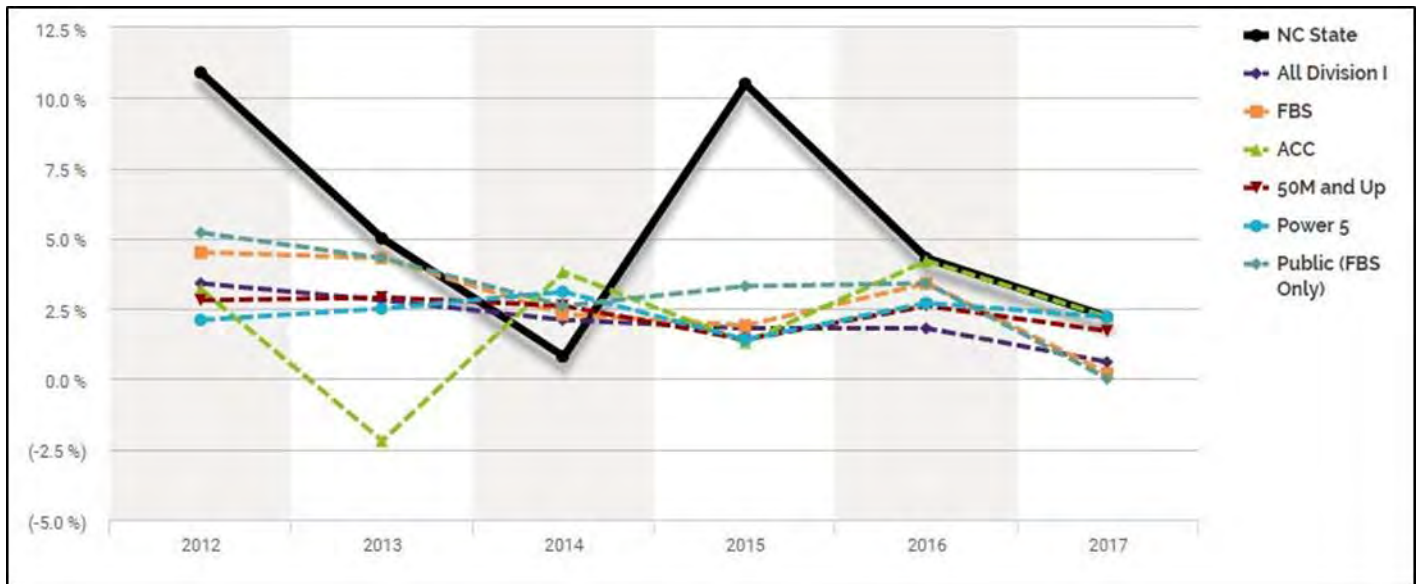
Athletics Expenses per Student-Athlete



Athletics as a % of Institutional Expenditures



Spending Increase Gap



Athletic Budget

Fiscal Year 2018-19

NC State University
Department of Athletics
UNC-GA Financial Reporting for Intercollegiate Athletics
Report to Board of Trustees

Intercollegiate Athletics Annual Budget
Athletic Operations

**2018-19
Athletic
Operations
Budget**

Beginning Cash Reserve

\$ 3,507,173

Revenue

Conference Distribution	28,943,350
Ticket & Suites Sales	21,359,618
Scholarship Contributions	15,011,847
Media Rights & Apparel Contracts	8,438,000
Student Fees	6,401,280
Event Parking & Concessions	2,915,737
Other	2,387,758

Total Revenue 85,457,590

Expenditures

Salaries & Benefits - Coaching Staffs & Direct Student-Athlete Support	27,845,845
Scholarships	15,011,847
Salaries & Benefits - Administrative	10,463,383
Travel - Team & Recruiting	7,844,250
Facilities	5,711,397
Other*	5,648,046
Game Operations	4,631,993
Student-Athlete Support	4,414,193
ACC Membership	2,435,262
Printing, Postage & Communications	1,354,715

Total Expenditures 85,360,931

Net Operating Income 96,659

Transfer to Facilities Repair & Enhancements

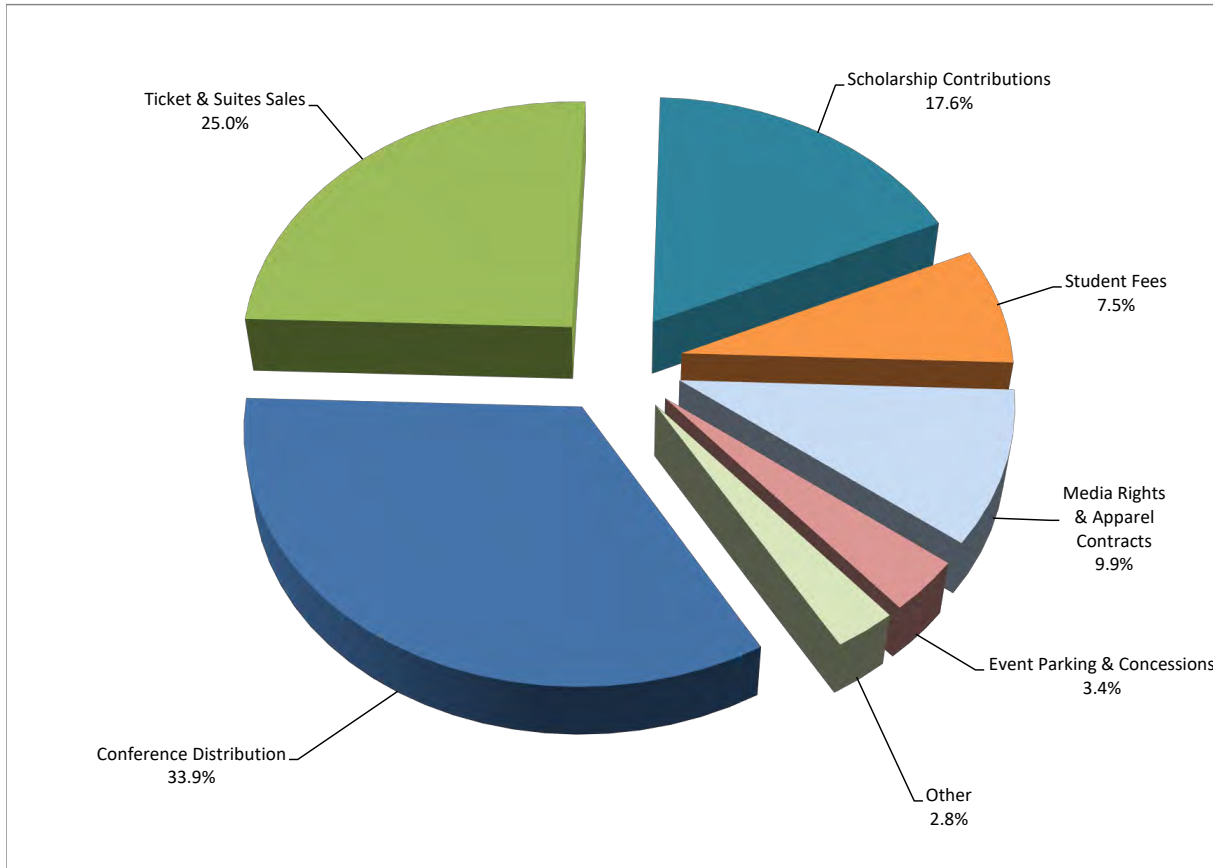
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Ending Operating Cash Reserve

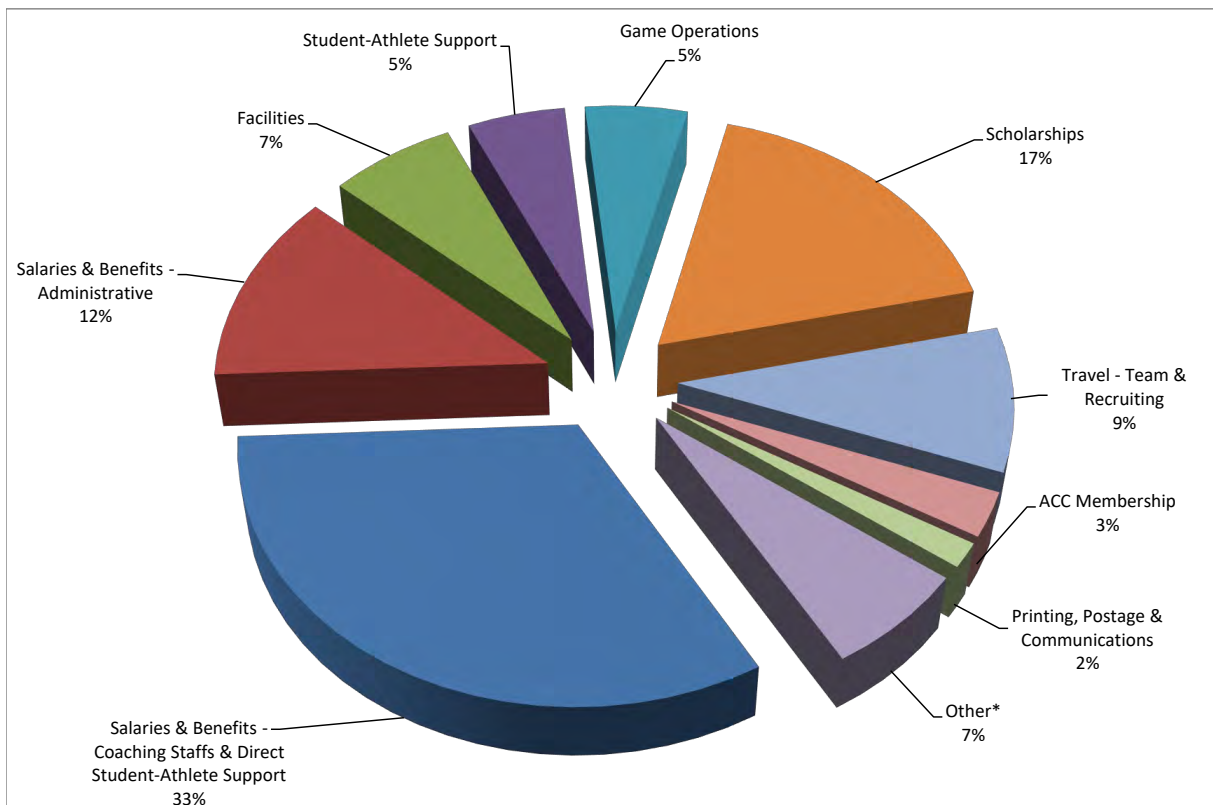
\$ 3,603,832

* Memberships & transfers, admin & general travel, contracted services, insurance, rentals, sports equipment & supplies, other current services

FY19 OPERATING REVENUE BUDGET



FY19 OPERATING EXPENSE BUDGET



NC State University
Department of Athletics
UNC-GA Financial Reporting for Intercollegiate Athletics
Report to Board of Trustees

		2018-19 Facilities Repair & Enhancement Budget
		<hr/>
Beginning Cash Reserve	\$	266,579
Revenue		
Ticket Surcharge for Facilities		415,000
Student Fees		299,000
Naming Rights and Facility Enhancement Funding		150,000
Other (DAS & PNC Naming Rights)		210,000
Total Revenue		<hr/> 1,074,000 <hr/>
Expenditures		
Capital Expenditures (PNC)		450,000
Facility Support (Carter Finley & Other Building Repairs)		725,000
Total Expenditures		<hr/> 1,175,000 <hr/>
Expenditures in Excess of Revenues		<hr/> (101,000) <hr/>
Ending Cash Reserve	\$	<hr/> 165,579 <hr/>

Student Fees

Fiscal Year 2018-19

NC State University
Department of Athletics
UNC-GA Financial Reporting for Intercollegiate Athletics
Report to Board of Trustees

Intercollegiate Athletics Annual Budget
Fiscal Year 2018-19

Intercollegiate Athletics Student Fee per FTE

Operations	\$ 222
Facilities Repair and Enhancement Fund	10
	<u>\$ 232</u>

Student Fee Revenue

Operations	\$ 6,401,280
Facilities Repair and Enhancement Fund	299,000
	<u>\$ 6,700,280</u>

Student Fee Revenue as a Percentage of Total Revenue	8%
------------------------------------------------------	----

**The University of North Carolina
Tuition and Fees Applicable to All Regular Full-Time Undergraduate Students
2018-19**

	Tuition		General Fees						Debt Service Fee	Total Fees*	Total Resident Tuition & Fees	Total Nonresident Tuition & Fees
	Resident	Nonresident	Athletics	Health Services	Student Activities	Educational and Tech.	Campus Security	Total General Fees				
NC State University	6,535.00	25,878.00	232.00	407.00	679.32	439.28	30.00	1,787.60	572.00	2,359.60	8,894.60	28,237.60
UNC-Chapel Hill	7,019.00	33,202.00	279.00	400.15	397.97	444.86	30.00	1,551.98	185.85	1,737.83	8,756.83	34,939.83
East Carolina University	4,452.00	20,729.00	723.00	263.00	694.00	395.00	30.00	2,105.00	460.00	2,565.00	7,017.00	23,294.00
NC A & T State University	3,540.00	16,750.00	845.00	338.50	714.25	449.06	30.00	2,376.81	588.00	2,964.81	6,504.81	19,714.81
UNC Charlotte	3,812.00	17,246.00	824.00	243.00	632.00	592.00	30.00	2,321.00	720.00	3,041.00	6,853.00	20,287.00
UNC Greensboro	4,422.00	19,581.00	761.00	302.00	550.00	446.00	30.00	2,089.00	707.00	2,796.00	7,218.00	22,377.00
Appalachian State University	4,242.00	19,049.00	760.00	325.00	646.00	576.00	30.00	2,337.00	634.00	2,971.00	7,213.00	22,020.00
Fayetteville State University	2,982.00	14,590.00	718.00	237.00	565.00	382.00	30.00	1,932.00	335.00	2,267.00	5,249.00	16,857.00
NC Central University	3,728.00	16,435.00	847.00	267.66	476.40	428.15	30.00	2,049.21	570.00	2,619.21	6,347.21	19,054.21
UNC Pembroke	1,000.00	5,000.00	747.52	190.00	679.84	528.91	30.00	2,176.27	240.00	2,416.27	3,416.27	7,416.27
UNC Wilmington	4,443.00	18,508.00	749.55	219.00	687.95	494.24	30.00	2,180.74	376.00	2,556.74	6,999.74	21,064.74
Western Carolina University	1,000.00	5,000.00	756.00	306.00	618.00	544.00	30.00	2,254.00	523.00	2,777.00	3,777.00	7,777.00
Winston-Salem State University	3,401.00	13,648.00	745.00	267.00	530.70	416.46	30.00	1,989.16	423.00	2,412.16	5,813.16	16,060.16
UNC Asheville	4,122.00	20,845.00	830.00	368.00	768.00	490.00	30.00	2,486.00	394.00	2,880.00	7,002.00	23,725.00
Elizabeth City State University	1,000.00	5,000.00	878.87	255.03	703.00	326.00	30.00	2,192.90	-	2,192.90	3,192.90	7,192.90
UNC School of the Arts (1)	6,497.00	22,640.00	N/A	882.00	748.00	704.00	30.00	2,364.00	-	2,364.00	8,861.00	25,004.00

(1) Does not include High School

*In addition to the fees above, the Board also authorized a \$1 ASG fee which is not included in the total fees amount.

3/23/18

NC State Student Aid Association, Inc.

Report on Financial Statements

For the years ended June 30, 2018 and 2017

NC State Student Aid Association, Inc.***Contents***

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Statement of Functional Expenses for the year ended June 30, 2017	7
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Independent Auditor's Report

The Board of Directors
NC State Student Aid Association, Inc.
Raleigh, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of NC State Student Aid Association, Inc. (a not-for-profit organization), a component unit of North Carolina State University, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

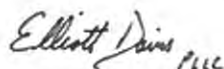
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NC State Student Aid Association, Inc., as of June 30, 2018, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of NC State Student Aid Association, Inc. as of and for the year ended June 30, 2017, were audited by other auditors whose report dated September 20, 2017 expressed an unmodified opinion on those statements.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
September 21, 2018

NC State Student Aid Association, Inc.**Statements of Financial Position****As of June 30, 2018 and 2017**

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 9,741,375	\$ 4,975,902
Investments	5,422,408	7,890,229
Pledges receivable, current	3,003,874	7,004,994
Accounts receivable	28,740	32,644
Accrued interest receivable	34,817	56,201
Prepaid expenses	25,975	53,576
Total current assets	<u>18,257,189</u>	<u>20,013,546</u>
Property and equipment, net		
Vaughn Towers	41,102,980	41,102,980
Furniture, fixtures and office equipment	525,329	542,715
Leasehold improvements	79,677	79,677
Total	41,707,986	41,725,372
Less: accumulated depreciation	<u>13,931,405</u>	<u>12,868,812</u>
Total property and equipment, net	<u>27,776,581</u>	<u>28,856,560</u>
Other assets		
Investments	29,533,984	26,175,834
Pledges receivable, non-current	11,664,238	13,284,939
Investments held under gift annuities and charitable remainder trusts	1,236,842	1,280,725
Land held for investment	710,750	7,348,929
Cash restricted for long-term purposes	9,991,209	8,801,835
Cash surrender value of life insurance	134,885	134,885
Total other assets	<u>53,271,908</u>	<u>57,027,147</u>
Total assets	<u>\$ 99,305,678</u>	<u>\$ 105,897,253</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 48,936	\$ 223,269
Accounts payable - NCSU Athletic Department	-	450,000
Long-term debt, current portion	830,947	2,367,500
Accrued interest expense	35,052	14,950
Accrued expense - NCSU	675,000	-
Accrued vacation and benefits	400,055	368,743
Deferred lease liability	121,551	-
Deferred revenue	3,410,247	2,714,900
Total current liabilities	<u>5,521,788</u>	<u>6,139,362</u>
Long-term liabilities		
Long-term debt, net	11,639,297	17,097,500
Due to donors of charitable remainder trusts and gift annuities	1,419,114	1,524,277
Total long-term liabilities	<u>13,058,411</u>	<u>18,621,777</u>
Net Assets		
Unrestricted	\$ 22,236,364	24,876,419
Temporarily restricted	21,084,289	19,554,973
Permanently restricted	37,404,826	36,704,722
Total net assets	<u>80,725,479</u>	<u>81,136,114</u>
Total liabilities and net assets	<u>\$ 99,305,678</u>	<u>\$ 105,897,253</u>

See Notes to Financial Statements

NC State Student Aid Association, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in Net Assets				
Support and revenues				
Support:				
General contributions	\$ 12,811,673	\$ 3,320,099	\$ 638,824	\$ 16,770,596
Noncash contributions	380,379	5,100	-	385,479
Clubs income	188,331	-	-	188,331
Total support	13,380,383	3,325,199	638,824	17,344,406
Revenue:				
Investment income, net	2,114,300	31,542	-	2,145,842
Vaughn Towers	-	3,529,730	-	3,529,730
Advertising income	762,944	-	-	762,944
Special events	246,793	-	-	246,793
Change of value in split interest agreements	-	-	61,280	61,280
Other income	112,871	-	-	112,871
Gain on sale of assets	500	347,821	-	348,321
Net assets released from restrictions:				
Facility improvements	5,704,976	(5,704,976)	-	-
Total revenue	8,942,384	(1,795,883)	61,280	7,207,781
Total support and revenues	22,322,767	1,529,316	700,104	24,552,187
Expenses				
Program services:				
University support	13,570,300	-	-	13,570,300
University facilities support	7,658,982	-	-	7,658,982
Total program services	21,229,282	-	-	21,229,282
Supporting services:				
Management and general	881,705	-	-	881,705
Fundraising - member services	2,851,835	-	-	2,851,835
Total supporting services	3,733,540	-	-	3,733,540
Total expenses	24,962,822	-	-	24,962,822
Change in net assets	\$ (2,640,055)	\$ 1,529,316	\$ 700,104	\$ (410,635)
Net assets at beginning of year	24,876,419	19,554,973	36,704,722	81,136,114
Net assets at end of year	\$ 22,236,364	\$ 21,084,289	\$ 37,404,826	\$ 80,725,479

See Notes to Financial Statements

NC State Student Aid Association, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in Net Assets				
Support and revenues				
Support:				
General contributions	\$ 11,957,572	\$ 3,318,827	\$ 589,324	\$ 15,865,723
Noncash contributions	501,469	17,551	-	519,020
Clubs income	177,530	-	-	177,530
Total support	12,636,571	3,336,378	589,324	16,562,273
Revenue:				
Investment income, net	3,280,713	7,091	-	3,287,804
Vaughn Towers	-	3,500,177	-	3,500,177
Advertising income	803,786	-	-	803,786
Special events	174,927	-	-	174,927
Change of value in split interest agreements	-	-	71,412	71,412
Other income	69,771	-	-	69,771
Loss on sale of assets	(5,000)	-	-	(5,000)
Net assets released from restrictions:				
Facility improvements	6,165,959	(6,165,959)	-	-
Total revenue	10,490,156	(2,658,691)	71,412	7,902,877
Total support and revenues	23,126,727	677,687	660,736	24,465,150
Expenses				
Program services:				
University support	12,519,814	-	-	12,519,814
University facilities support	7,974,451	-	-	7,974,451
Total program services	20,494,265	-	-	20,494,265
Supporting services:				
Management and general	1,271,710	-	-	1,271,710
Fundraising - member services	2,410,621	-	-	2,410,621
Total supporting services	3,682,331	-	-	3,682,331
Total expenses	24,176,596	-	-	24,176,596
Change in net assets	\$ (1,049,869)	\$ 677,687	\$ 660,736	\$ 288,554
Net assets at beginning of year	25,926,288	18,877,286	36,043,986	80,847,560
Net assets at end of year	\$ 24,876,419	\$ 19,554,973	\$ 36,704,722	\$ 81,136,114

See Notes to Financial Statements

NC State Student Aid Association, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2018

	Program Services			Supporting Services			
	University Support	University Facilities Support	Total Program Services	Management and General	Fundraising - Member Services	Total Supporting Services	Total
Scholarships	\$ 13,281,758	\$ -	\$ 13,281,758	\$ -	\$ -	\$ -	\$ 13,281,758
Facility improvements and support	-	4,295,578	4,295,578	-	-	-	4,295,578
Salaries and wages	-	997,510	997,510	347,613	668,501	1,016,114	2,013,624
Depreciation and amortization	-	1,068,269	1,068,269	5,923	15,554	21,477	1,089,746
Retirement, insurance, and other employee benefit	-	403,992	403,992	149,088	286,713	435,801	839,793
Promotion	-	-	-	-	378,450	378,450	378,450
Professional fees	-	42,019	42,019	101,120	-	101,120	143,139
Office rent	-	162,418	162,418	48,199	126,560	174,759	337,177
Publications	-	-	-	-	294,185	294,185	294,185
Bank charges	-	1,211	1,211	95,317	250,284	345,601	346,812
Special events	-	-	-	-	245,204	245,204	245,204
Auto expense	-	70,963	70,963	21,058	55,296	76,354	147,317
Non-scholarship expense	167,792	-	167,792	-	-	-	167,792
Computer expense	-	65,568	65,568	19,457	51,092	70,549	136,117
Athletic department staff benefits	120,750	-	120,750	-	-	-	120,750
Payroll taxes	-	75,681	75,681	27,858	53,574	81,432	157,113
Club expenses	-	-	-	-	135,553	135,553	135,553
Postage and mailing expenses	-	27,748	27,748	-	49,527	49,527	77,275
Insurance	-	19,514	19,514	10,445	27,426	37,871	57,385
Office supplies	-	26,128	26,128	8,815	23,148	31,963	58,091
Printing	-	7,211	7,211	7,919	20,795	28,714	35,925
Travel	-	7,586	7,586	-	61,792	61,792	69,378
Meetings	-	20,631	20,631	6,123	16,077	22,200	42,831
Telephone	-	11,158	11,158	3,311	8,695	12,006	23,164
Dues and subscriptions	-	-	-	-	22,734	22,734	22,734
Property taxes and fees	-	-	-	12,386	-	12,386	12,386
Flowers and gift remembrances	-	-	-	-	15,842	15,842	15,842
Interest	-	348,224	348,224	-	-	-	348,224
Maintenance	-	7,573	7,573	2,247	5,901	8,148	15,721
Miscellaneous	-	-	-	14,826	38,932	53,758	53,758
Total	\$ 13,570,300	\$ 7,658,982	\$ 21,229,282	\$ 881,705	\$ 2,851,835	\$ 3,733,540	\$ 24,962,822

See Notes to Financial Statements

NC State Student Aid Association, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2017

	Program Services			Supporting Services			Total
	University Support	University Facilities Support	Total Program Services	Management and General	Fundraising - Member Services	Total Supporting Services	
Scholarships	\$ 12,186,000	\$ -	\$ 12,186,000	\$ -	\$ -	\$ -	\$ 12,186,000
Facility improvements and support	-	4,735,474	4,735,474	-	-	-	4,735,474
Salaries and wages	-	915,281	915,281	473,843	568,257	1,042,100	1,957,381
Depreciation and amortization	-	1,069,448	1,069,448	6,662	10,315	16,977	1,086,425
Retirement, insurance, and other employee benefit	-	291,655	291,655	118,708	142,361	261,069	552,724
Promotion	-	-	-	-	379,065	379,065	379,065
Professional fees	-	48,245	48,245	296,190	-	296,190	344,435
Office rent	-	154,799	154,799	66,421	102,847	169,268	324,067
Publications	-	-	-	-	298,052	298,052	298,052
Bank charges	-	2,794	2,794	113,903	176,369	290,272	293,066
Special events	-	-	-	-	250,123	250,123	250,123
Auto expense	-	88,004	88,004	37,761	58,469	96,230	184,234
Non-scholarship expense	179,814	-	179,814	-	-	-	179,814
Computer expense	-	76,520	76,520	32,833	50,840	83,673	160,193
Athletic department staff benefits	154,000	-	154,000	-	-	-	154,000
Payroll taxes	-	67,319	67,319	31,859	38,207	70,066	137,385
Club expenses	-	-	-	-	93,290	93,290	93,290
Postage and mailing expenses	-	35,795	35,795	-	46,515	46,515	82,310
Insurance	-	21,634	21,634	20,816	32,232	53,048	74,682
Office supplies	-	32,046	32,046	14,351	22,222	36,573	68,619
Printing	-	8,556	8,556	21,551	33,370	54,921	63,477
Travel	-	12,222	12,222	-	45,991	45,991	58,213
Meetings	-	24,476	24,476	10,502	16,262	26,764	51,240
Telephone	-	13,343	13,343	5,725	8,865	14,590	27,933
Dues and subscriptions	-	-	-	-	21,331	21,331	21,331
Property taxes and fees	-	-	-	18,493	-	18,493	18,493
Flowers and gift remembrances	-	-	-	-	12,399	12,399	12,399
Interest	-	373,769	373,769	-	-	-	373,769
Maintenance	-	3,071	3,071	1,318	2,041	3,359	6,430
Miscellaneous	-	-	-	774	1,198	1,972	1,972
Total	\$ 12,519,814	\$ 7,974,451	\$ 20,494,265	\$ 1,271,710	\$ 2,410,621	\$ 3,682,331	\$ 24,176,596

See Notes to Financial Statements

NC State Student Aid Association, Inc.**Statements of Cash Flows****For the years ended June 30, 2018 and 2017**

	2018	2017
Operating activities		
Change in net assets	\$ (410,635)	\$ 288,554
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,089,746	1,086,425
Realized gain on sale of investments	(1,444,675)	(1,457,012)
(Increase)/decrease on cash surrender value of life insurance	-	(20,265)
Unrealized (gain)/loss on investments	342,372	(978,443)
Contributions restricted for permanent endowment	(638,824)	(589,324)
Change in value of split-interest agreements	43,883	30,874
(Gain)loss on sale of assets	(348,321)	5,000
Changes in operating assets and liabilities:		
Pledges receivable	5,621,821	2,702,975
Accounts receivable	3,904	154,911
Accrued interest receivable	21,384	(6,965)
Prepaid expenses	27,601	(16,071)
Accounts payable and accounts payable - NCSU Athletic Dept.	(624,333)	(501,502)
Accrued liabilities	726,414	(60,965)
Deferred revenue and lease liability	816,898	380,801
Net cash provided by operating activities	<u>5,227,235</u>	<u>1,018,993</u>
Investing activities		
Proceeds from sale of investments	24,525,633	21,008,484
Purchase of investments	(24,313,659)	(20,350,046)
Net proceeds from sale of land	6,986,000	-
Purchase of property and equipment	(3,227)	(29,843)
Net cash provided by investing activities	<u>7,194,747</u>	<u>628,595</u>
Financing activities		
Contributions restricted for permanent endowment	638,824	589,324
Payments on obligations under split-interest agreements	(105,163)	(102,285)
Payments on long-term debt	(7,000,796)	(2,624,250)
Net cash provided by used in financing activities	<u>(6,467,135)</u>	<u>(2,137,211)</u>
Net increase (decrease) in cash	5,954,847	(489,623)
Cash, beginning of year	<u>13,777,737</u>	<u>14,267,360</u>
Cash, end of year	<u>\$ 19,732,584</u>	<u>\$ 13,777,737</u>
Summary of cash and cash equivalents		
Cash and cash equivalents	\$ 9,741,375	\$ 4,975,902
Cash restricted for long-term purposes	9,991,209	8,801,835
	<u>\$ 19,732,584</u>	<u>\$ 13,777,737</u>
Supplemental disclosure of cash flow information		
Cash payments for interest	<u>\$ 334,162</u>	<u>\$ 144,481</u>

See Notes to Financial Statements

NC State Student Aid Association, Inc.**Notes to Financial Statements****June 30, 2018 and 2017**

Note 1. Summary of Significant Accounting Policies**Organization:**

The NC State Student Aid Association, Inc. (the "Association"), located in Raleigh, North Carolina, was organized to support the athletic program at North Carolina State University ("NCSU" or "University"). The Association is a discretely presented component unit of the University.

Basis of presentation:

Financial reporting standards require not-for-profit organizations to classify resources into three net asset categories according to externally imposed restrictions. Accordingly, net assets of the Association and changes therein may be classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association.

Restricted and unrestricted revenue:

Contributions of cash and other assets are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Recognition of donor-restricted contributions:

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

Program services:**University support:**

The Association helps support the athletic program at NCSU by funding scholarships for student athletes and other Athletic Department expenses.

University facilities support:

The Association helps support the athletic program at NCSU by funding improvements, renovations, and additions to athletic facilities of the University.

NC State Student Aid Association, Inc.**Notes to Financial Statements****June 30, 2018 and 2017**

Note 1. Summary of Significant Accounting Policies, ContinuedAccounting estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

For the purposes of the Statements of Cash Flows, the Association considers all demand, money market, and time deposits to be cash and cash equivalents.

Investments:

Investments are measured at fair value on the Statements of Financial Position. Fair value is based on quoted market prices when available. Gains and losses are determined using the specific identification method.

Contributions:

The Association recognizes as revenues, contributions received including unconditional, legally enforceable promises to give, in the period in which the Association is notified that a donor has made a promise to give. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Association reports the support as unrestricted.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows if deemed material to the financial statements. The discount on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in general contributions. On a periodic basis, the Association evaluates its receivables and establishes an allowance for doubtful accounts, based on history of past write-offs and current credit conditions.

Accounts receivable:

Accounts receivable principally consists of amounts due from Vaughn Towers suite and club seats and sales tax refunds. The management of the Association reviews the collectability of the accounts receivable on a periodic basis and establishes an allowance for doubtful accounts based on the history of past write-offs, collections, and current credit conditions. The Association considers all accounts receivable to be fully collectible.

NC State Student Aid Association, Inc.**Notes to Financial Statements****June 30, 2018 and 2017**

Note 1. Summary of Significant Accounting Policies, Continued*Property and equipment:*

Property and equipment are recorded at original cost, or denoted value, to the Association. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from 5 to 39 years. A capitalization threshold of \$500 is utilized.

Deferred revenue:

Suite and club seat rentals in Vaughn Towers at Carter-Finley Stadium and advertising revenue received in advance of providing the related service have been included in deferred revenue in the accompanying Statements of Financial Position.

Donated services:

Association members donate time in volunteer service on various committees and boards. No amounts have been reflected in the financial statements for volunteer hours since these services do not meet the requirements for recognition in the financial statements.

Functional allocation of expenses:

The cost of providing the program and supporting services of the Association have been summarized on the functional basis in the Statements of Functional Expenses and Statements of Activities. Certain costs have been allocated on the basis of estimates made by the Association's management.

Tax-exempt status:

The Association is exempt from federal and state income taxes under Section 501 (a) of the Internal Revenue Code and is classified under Section 501(c)(3) as a public charity . However, income from certain activities not directly related to the Association's tax-exempt purpose is subject to taxation as unrelated business income. The Association has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions provided in Section 170(b)(1)(A)(vi).

The Association adopted the provisions of FASB guidance on income taxes related to the accounting for uncertainty in income taxes. This guidance clarifies accounting for uncertainty in a tax position taken or expected to be taken by an entity and hence in the income taxes recognized in the financial statements.

Essentially, the Association would record a liability if it took a position about taxes due that was likely to be disputed and had a reasonable chance of being overruled by a taxing authority. Management believes that there are no such positions as of June 30, 2018 or 2017 and accordingly, no liability has been accrued. Tax years ended June 30, 2015 or later remain open to examination by federal and state taxing authorities.

NC State Student Aid Association, Inc.**Notes to Financial Statements****June 30, 2018 and 2017****Note 1. Summary of Significant Accounting Policies, Continued**Recently Issued Accounting Pronouncements:

In May 2015, the Financial Accounting Standards Board ("FASB") issued guidance which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016-all, with early adoption permitted. The Company adopted this during 2018 and retrospectively applied the standard.

In August 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, (the "Standard") which will supersede the current guidance in Topic 958. This Standard will make several adjustments to current reporting requirements that address complexities about the use of the currently required three classes of net assets, transparency and utility of information useful in assessing an entity's liquidity, and expense presentation adjustments. The Standard will require the presentation on the face of the Statement of Financial Position amounts for net assets with donor restrictions and net assets without donor restrictions.

The Standard will require presentation on the face of the Statements of Activities of the amount of the change in each of the two classes of net assets. The Standard will no longer require the presentation or disclosure of the indirect method of presenting cash flows if the direct method is used. The Standard will require enhanced disclosures about the amounts and purposes of self-imposed limits on the use of resources without donor restrictions, the composition of net assets with donor restrictions, qualitative information about management of liquid resources, qualitative information on the availability of financial assets to meet cash needs for general expenditures, amounts of expenses by natural and functional classification, methods used to allocate costs, and information about underwater endowment funds. The Standard will require reporting investment return net of external and direct internal investment expenses and will generally require use of the placed-in-service approach for reporting expirations of restrictions on gifts used to acquire or construct long-lived assets. The amendments in the Standard are effective for annual reporting periods beginning after December 15, 2017, with early application permitted. The Association is currently evaluating the potential effects of the Standard on the financial statements.

In June 2018, FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which will update the current guidance in Topic 958. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made and should assist entities in evaluating whether transactions should be accounted for as nonreciprocal transactions or exchange transactions and in determining whether a contributions is conditional. The amendments in ASU 2018-08 should be applied on a modified prospective basis and retroactive application is permitted.

The amendments in ASU 2018-08 will be effective for the Association for annual periods beginning after December 15, 2018 for transactions in which the Association serves as a resource recipient and for annual periods beginning after December 15, 2019 for transactions in which the Association serves as a resource provider. Early adoption is permitted. The Association has not yet determined the potential effects of ASU 2018-08 on the financial statements.

NC State Student Aid Association, Inc.**Notes to Financial Statements****June 30, 2018 and 2017****Note 1. Summary of Significant Accounting Policies, Continued****Recently Issued Accounting Pronouncements, Continued:**

In August 2018, FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement, which will update the current guidance in Topic 820. ASU 2018-13 modifies the disclosure requirements on fair value measurements and promotes the exercise of discretion by entities when considering fair value measurement disclosures. The amendments in ASU 2018-13 will be effective for the Association for annual periods beginning after December 15, 2019. Early adoption is permitted. The Association has not yet determined the potential effects of ASU 2018-08 on the financial statements.

In February 2016, the FASB amended the Leases topic of the Accounting Standards Codification to revise certain aspects of recognition, measurement, presentation, and disclosure of leasing transactions. The amendments will be effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

In December 2016, the FASB issued technical corrections and improvements to the Revenue from Contracts with Customers Topic. These corrections make a limited number of revisions to several pieces of the revenue recognition standard issued in 2014. The effective date and transition requirements for the technical corrections will be effective for the Company for annual periods beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019. The Company does not expect these amendments to have a material effect on its financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standard-setting bodies are not expected to have a material impact on the Association's financial position, results of operations or cash flows.

Note 2. Concentrations of Credit Risk

The Association maintains cash balances at several financial institutions located in Raleigh, North Carolina, and in several brokerage accounts located in North Carolina. The balances in the financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 at June 30, 2018 and 2017. From time to time, the Association's cash balances may exceed the FDIC limits.

Note 3. Pledges Receivable, net

Pledges receivable are as follows at June 30:

	<u>2018</u>	<u>2017</u>
Pledges receivable	\$ 19,693,659	\$ 26,918,506
Less allowance for uncollectible pledges	984,683	1,345,925
Less discount on pledges	<u>4,040,864</u>	<u>5,282,648</u>
	14,668,112	20,289,933
Less current portion	<u>3,003,874</u>	<u>7,004,994</u>
Pledges due after one year	<u>\$ 11,664,238</u>	<u>\$ 13,284,939</u>

NC State Student Aid Association, Inc.**Notes to Financial Statements****June 30, 2018 and 2017****Note 3. Pledges Receivable, Continued**

	<u>2018</u>	<u>2017</u>
Receivable in less than one year	\$ 3,161,972	\$ 7,373,678
Receivable in one to five years	6,648,702	8,328,579
Receivable in more than five years	<u>9,882,985</u>	<u>11,216,249</u>
	19,693,659	26,918,506
Less allowance for uncollectible pledges	984,683	1,345,925
Less discount on pledges	<u>4,040,864</u>	<u>5,282,648</u>
Net pledges receivable	<u>\$ 14,668,112</u>	<u>\$ 20,289,933</u>

Pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 6%.

Note 4. Investments

The Association held the following investments at June 30:

	<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>
Marketable equity securities	\$ 16,390,753	\$ 17,181,635
Other marketable debt securities	4,318,716	4,249,643
U.S. Government obligations	1,883,713	1,864,571
Unit Investment Trusts	552,487	538,040
Alternative investments	5,589,619	6,459,954
Mutual funds	<u>4,462,424</u>	<u>4,662,549</u>
	<u>\$ 33,197,712</u>	<u>\$ 34,956,392</u>

	<u>2017</u>	
	<u>Cost</u>	<u>Fair Value</u>
Marketable equity securities	\$ 12,339,368	\$ 14,056,778
Other marketable debt securities	6,983,157	6,992,562
U.S. Government obligations	2,735,928	2,728,703
Alternative investments	5,794,879	6,043,183
Mutual funds	<u>4,111,679</u>	<u>4,244,837</u>
	<u>\$ 31,965,011</u>	<u>\$ 34,066,063</u>

NC State Student Aid Association, Inc.**Notes to Financial Statements****June 30, 2018 and 2017****Note 4. Investments, Continued**

Investment income net, consists of the following for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Interest	\$ 448,216	\$ 537,849
Dividends	877,373	582,264
Realized gain on sale of investments	1,444,675	1,457,012
Unrealized gain (loss) on investments	(342,372)	978,443
Investment expenses	<u>(282,050)</u>	<u>(267,764)</u>
	<u>\$ 2,145,842</u>	<u>\$ 3,287,804</u>

Note 5. Investments Held Under Net Income Split-Interest Agreements

The Association has been named as a beneficiary in gift annuities and charitable remainder trusts in which the Association is the trustee. When the Association receives assets in connection with an annuity or charitable remainder trust, the assets are recorded at fair value, generally invested in stocks and fixed income securities, while a liability is recorded at the present value of the expected future payments to be made to the beneficiary. The discount rate and actuarial assumptions used in determining the present value of the expected future payments are based on applicable Internal Revenue Service discount rates and life expectancy assumptions.

The change in value of split-interest agreements on the Statements of Activities includes the change in market value of the investments, the change in present value of future payments to donors, actual payments made to donors, and contributions of split-interest agreements received. During the years ended June 30, 2018 and 2017, payments to beneficiaries totaled \$105,163 and \$102,285, respectively.

Investments held under split-interest agreements consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Cash equivalents	\$ 23,670	\$ 26,980
Fixed income securities	442,669	452,441
Equities	604,993	637,097
Real estate	<u>165,510</u>	<u>164,207</u>
	<u>\$ 1,236,842</u>	<u>\$ 1,280,725</u>

Note 6. Cash Surrender Value of Life Insurance Policies

The Association was the owner and beneficiary on whole life insurance policies covering twelve individuals having a total cash surrender value of \$134,855 at June 30, 2018 and 2017.

NC State Student Aid Association, Inc.**Notes to Financial Statements****June 30, 2018 and 2017**

Note 7. Long-Term Debt, Net**Bond Indentures - Vaughn Towers:**

In March 2013, the Association refinanced bonds originally issued in 2004 to finance the construction of the Vaughn Towers press box at Carter-Finley Stadium. The refinancing was with a financial institution through a \$12,660,000 Series 2013 bond, issued through the North Carolina Capital Facilities Finance Agency. Principal payments of \$1,055,000 are due annually until the bond matures in September 2024. The bond payable at June 30, 2017 totaled \$8,440,000. During 2018, the bond was refinanced as noted below.

Note Payable - Wolves Den:

In June 2015, the Association entered into a note agreement in the amount of \$450,000 with a financial institution in order to finance the renovation of a portion of Vaughn Towers into a new premium seating option at Carter - Finley Stadium, referred to as the Wolves Den. Annual principal payments of \$112,500 began in January 2016, and the note was paid in full as of June 30, 2018. The outstanding balance of the note payable was \$225,000 at June 30, 2017.

Notes Payable - Indoor Practice Facility:

In May 2014, the Association entered into multiple note agreements with BB&T in order to finance the construction of a new Indoor Practice Facility for the football program at NCSU. The total financing available through the notes payable was \$14,000,000. The Association had to maintain a debt service coverage ratio of 1.00 to 1.00, maintain unrestricted liquid assets of \$4,000,000 until such point that the total credit available and outstanding was less than \$10,000,000, and meet certain pledge targets. The notes payable are collateralized by pledges receivable and cash received from the related capital campaign. The notes were paid in full as of June 30, 2018 and the total outstanding balance of the notes payable was \$10,800,000 at June 30, 2017.

Bond Payable – Refunding Bond:

In October 2017, the Association entered into a bond agreement with a financial institution in order to refinance the outstanding notes. The total financing available through the bond was \$12,585,000. Annual principal payments of \$839,000 are payable until the note matures in 2032. Interest is payable monthly at the greater of prime rate plus 2% or 6%. The interest rate at June 30, 2018 was 3.34%. The outstanding bond balance was \$12,585,000 at June 30, 2018.

NC State Student Aid Association, Inc.**Notes to Financial Statements****June 30, 2018 and 2017****Note 7. Long-Term Debt, Net, Continued**

Long-term debt consists of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Bond payable – (Refunding Bond)	\$ 12,470,244	\$ -
Vaughn Towers Project - Series 2013 Bond	-	8,440,000
Note payable - (Wolves Den)	-	225,000
Notes payable - (Indoor Practice Facility)	-	10,800,000
	12,470,244	19,465,000
Less amount classified as current liability	830,947	2,367,500
Amount due after one year	<u>\$ 11,639,297</u>	<u>\$ 17,097,500</u>

Deferred bond issuance cost consists of the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Deferred bond issuance cost	\$ 120,796	\$ -
Less: accumulated amortization	6,040	-
Net deferred bond issuance cost	<u>\$ 114,756</u>	<u>\$ -</u>

Maturities of long-term debt are as follows:

	<u>Principal Payments</u>	<u>Minus Amortized Deferred Bond Issuance Cost</u>	<u>Long-term debt, net</u>
2019	\$ 839,000	\$ 8,053	\$ 830,947
2020	839,000	8,053	830,947
2021	839,000	8,053	830,947
2022	839,000	8,053	830,947
2023	839,000	8,053	830,947
Thereafter	8,390,000	74,491	8,315,509
	<u>\$ 12,585,000</u>	<u>\$ 114,756</u>	<u>\$ 12,470,244</u>

Note 8. Fair Value Measurements

The Association follows Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, as amended, with respect to fair value measurements of its financial assets. This standard defines fair value as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The standard also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

NC State Student Aid Association, Inc.***Notes to Financial Statements******June 30, 2018 and 2017***

Note 8. Fair Value Measurements, Continued

The hierarchy is broken down into three levels. Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017. There were no transfers or reclassifications between Level 2 or Level 3 during the years ended June 30, 2018 or 2017.

Common and preferred stocks, and mutual funds are held in brokerage accounts and valued at readily available, quoted prices in principal active markets that are considered to be representative of fair value. The Association classifies these investments within Level 1 of the valuation hierarchy. Government and corporate bonds and notes, are classified as level 2. Level 2 valuation methodology include significant other observable inputs, other than Level 1 inputs, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In accordance with ASC 820, the table below includes the major categorization of significant assets and liabilities measured at fair value on a recurring basis, segregated by the level of valuation inputs within the fair value hierarchy at June 30:

NC State Student Aid Association, Inc.**Notes to Financial Statements****June 30, 2018 and 2017****Note 8. Fair Value Measurements, Continued**

2018				
Fair Value Measurements Using				
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Total				
Assets:				
Investments:				
Marketable equity securities	\$ 17,181,635	\$ 17,181,635	\$ -	\$ -
Other marketable debt securities	4,249,643	-	4,249,643	-
U.S. Government obligations	1,864,571	-	1,864,571	-
Mutual funds	4,662,549	4,662,549	-	-
Investments held under gift annuities and charitable remainder trusts	1,236,842	1,071,332	165,510	-
Total assets in fair value hierarchy	\$ 29,195,240	\$ 22,915,516	\$ 6,279,724	\$ -
Investments measured at NAV (a)	6,997,994			
	<u>\$ 36,193,234</u>			
Liabilities:				
Due to donors of split-interest agreements trusts and annuities	\$ 1,419,114	\$ -	\$ 1,419,114	\$ -
2017				
Fair Value Measurements Using				
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Total				
Assets:				
Investments:				
Marketable equity securities	\$ 14,056,778	\$ 14,056,778	\$ -	\$ -
Other marketable debt securities	6,992,562	-	6,992,562	-
U.S. Government obligations	2,728,703	-	2,728,703	-
Mutual funds	4,244,837	4,244,837	-	-
Investments held under gift annuities and charitable remainder trusts	1,280,725	1,116,518	164,207	-
Total assets in fair value hierarchy	\$ 29,303,605	\$ 19,418,133	\$ 9,885,472	\$ -
Investments measured at NAV (a)	6,043,183			
	<u>\$ 35,346,788</u>			
Liabilities:				
Due to Donors of split-interest agreements trusts and Annuities	\$ 1,524,277	\$ -	\$ 1,524,777	\$ -

NC State Student Aid Association, Inc.**Notes to Financial Statements****June 30, 2018 and 2017****Note 8. Fair Value Measurements, Continued**

- (a) In accordance with FASB ASU 2015-07, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statements of Financial Position.

The following tables for set forth a summary of the Association's investments reported at NAV as a practical expedient to estimate fair value at June 30:

2018				
<u>Investment</u>	<u>Fair value</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Alternative investments – Hedge funds	\$ 2,607,177	\$ -	Quarterly	None
Alternative investments – Private equity	3,325,628	1,937,053	Quarterly	None
Alternative investments – Real estate	527,149	98,788	Quarterly	10 days
Unit investment trusts	538,040	-	Daily	None
Total	<u>\$ 6,997,994</u>	<u>\$ 2,035,841</u>		

2017				
<u>Investment</u>	<u>Fair value</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Alternative investments – Hedge funds	\$ 2,620,652	\$ -	Quarterly	None
Alternative investments – Private equity	2,875,484	1,937,053	Quarterly	None
Alternative investments – Real estate	451,323	98,788	Quarterly	10 days
Unit investment trusts	95,724	-	Daily	None
Total	<u>\$ 6,043,183</u>	<u>\$ 2,035,841</u>		

Note 9. Deferred Revenue

Deferred revenue of \$3,410,247 at June 30, 2018 represents \$3,252,270 of suite and club seat rentals in Vaughn Towers for the upcoming seasons and \$157,977 of unearned advertising revenue.

Deferred revenue of \$2,714,900 at June 30, 2017 represents \$2,507,273 of suite and club seat rentals in Vaughn Towers for the upcoming seasons and \$207,627 of unearned advertising revenue.

Note 10. Scholarship Expenses

Direct payments for scholarship expenses for the years ended June 30, 2018 and 2017 were made to North Carolina State University, ("University") scholarship trust account. Indirect payments of interest income on funds deposited with the University are applied as a reduction against the Association's scholarship liability and amounted to \$241,393 and \$618,578 for the years June 30, 2018 and 2017, respectively.

NC State Student Aid Association, Inc.**Notes to Financial Statements****June 30, 2018 and 2017****Note 11. Retirement Plans**

The Association has a non-contributory defined benefit pension plan covering full-time employees after 12 months of service with 1,000 or more hours of service. The expense of the plan for the years ended June 30, 2018 and 2017 amounted to \$478,003 and \$141,898, respectively. The plan was fully funded at June 30, 2018 and 2017, respectively.

A comparison of accumulated plan benefits and plan net assets for the defined benefit plan is presented below.

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Actuarial present value of accumulated plan benefits	\$ 4,461,545	\$ 4,250,592
Net assets available for plan benefits - insured	\$ 4,962,079	\$ 4,319,161

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits was seven percent. Rate of compensation increase was assumed to be four percent. Normal retirement age is 65.

The Association also has a tax deferred 403(b) plan to benefit all employees. Under the terms of the plan, the Association matches 100% of the first five percent of employee contributions. Expenses related to this plan totaled \$93,286 and \$84,276 for employer contributions made for the years ended 2018 and 2017, respectively.

The Association has established a supplemental retirement plan for the executive director. The plan became fully vested on January 1, 2013 due to certain employment conditions being met at that date. The liability for this plan is included in accrued vacation and benefits on the Statements of Financial Position and totaled \$270,955 and \$255,102 at June 30, 2018 and 2017, respectively. A portion of the plan assets were distributed to the executive director after vesting under the trust agreement.

Administrative expenses for all retirement plans total \$47,825 and \$46,597 for the years ended June 30, 2018 and 2017, respectively.

Note 12. Lease Commitments

The Association renewed a non-cancelable operating lease for office space in June 2014. The lease expires in October 2020. The annual rental expense was \$449,569 and \$432,090 for the years ended June 30, 2018 and 2017, respectively. During the years ended June 30, 2018 and 2017, the Association donated use of a portion of the office space to the NCSU Athletic Department valued at \$112,392 and \$108,023, respectively.

Future minimum rental commitments for non-cancelable operating leases at June 30, 2018 are as follows:

2019	\$ 499,293
2020	514,357
2021	<u>173,142</u>
	<u>\$ 1,186,792</u>

NC State Student Aid Association, Inc.**Notes to Financial Statements****June 30, 2018 and 2017****Note 13. Related Party Transactions**

In the course of providing support to the athletic program at NCSU, the Athletic Department of the University becomes a related party. The Association provided the following forms of support to the Athletic Department during the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Funding of scholarships for student athletes	\$ 13,281,758	\$ 12,186,000
Salaries, benefits, and administrative overhead	3,015,180	2,865,208
Athletic department staff benefits	120,750	154,000
Non-scholarship contributions	<u>167,792</u>	<u>179,814</u>
Subtotal	<u>16,585,480</u>	<u>15,385,022</u>
Facility improvements:		
Facility debt obligations	1,779,134	1,441,383
Case commons	143,926	1,403,522
Vaughn towers expenses	2,206,947	1,336,543
North end zone expenses	209,311	256,335
Indoor practice facility	78,553	251,596
Gymnastics	9,850	250,000
Soccer expenses	150,000	150,000
Volleyball	25,000	18,097
Building futures	4,462	1,767
Baseball stadium	<u>42,659</u>	<u>-</u>
Total facility improvements	<u>4,649,842</u>	<u>5,109,243</u>
Total	<u>\$ 21,235,322</u>	<u>\$ 20,494,265</u>

In October 2017, the Association sold a piece of land held for investment to the University for \$6,986,000, which consists of \$7,000,000 of sales proceeds less \$14,000 state tax. The resulting gain on the sale was \$347,821. The funds were used to refinance the outstanding notes payable.

The Association owed \$675,000 and \$450,000 to the Athletic Department of the University at June 30, 2018 and 2017, respectively.

NC State Student Aid Association, Inc.**Notes to Financial Statements****June 30, 2018 and 2017****Note 14. Temporarily Restricted Net Assets**

Temporarily restricted net assets are as follows at June 30:

	<u>2018</u>	<u>2017</u>
Facility Improvements:		
Championship Commitment, Wolfpack Pride, Goal Line Drive, Vaughn Towers, and North End Zone	\$ (148,515)	\$ 2,970,475
Baseball, Tennis, Softball, Golf, Swimming, Soccer, Gymnastics, and Basketball	157,495	589,952
University Athletics Building Improvements	-	101,752
Case Commons	4,148,758	3,434,384
Pack Passion Campaign	4,007,853	2,433,434
Building Futures Campaign	<u>12,918,698</u>	<u>10,024,976</u>
	<u>\$ 21,084,289</u>	<u>\$ 19,554,973</u>

Note 15. Permanently Restricted Net Assets

Permanently restricted net assets are as follows at June 30:

	<u>2018</u>	<u>2017</u>
Endowment Fund - Scholarships	<u>\$ 37,404,826</u>	<u>\$ 36,704,722</u>

Note 16. Endowment Fund

The Association's endowment fund provides long-term scholarship support through annual earnings. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of North Carolina enacted the North Carolina ("NC") Uniform Prudent Management of Institutional Funds Act (UPMIFA), the provisions of which apply to endowment funds existing on or established after that date. Absent donor stipulations to the contrary, the provisions of this state law do not impose either a permanent or temporary restriction on the income or capital appreciation derived from the original gifts.

For the years ended June 30, 2018 and 2017, the Association has classified as permanently restricted net assets the original value of gifts donated to the permanent endowment.

NC State Student Aid Association, Inc.**Notes to Financial Statements****June 30, 2018 and 2017****Note 16. Endowment Fund, Continued**

Changes in endowment assets for the year ended June 30, 2018 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets - beginning of year	\$ (6,032,366)	\$ -	\$ 36,704,722	\$ 30,672,356
Investment return:				
Investment income, net	922,671	-	-	922,671
Realized gain on sale of investments	1,530,839	-	-	1,530,839
Net depreciation on investments	(347,443)	-	-	(347,443)
Total investment return, net	2,106,067	-	-	2,106,067
Contributions	-	-	638,824	638,824
Change in value of split-interest agreements	-	-	61,280	61,280
Appropriation of endowment assets for expenditure	(1,722,566)	-	-	(1,722,566)
Endowment net assets - end of year	<u>\$ (5,648,865)</u>	<u>\$ -</u>	<u>\$ 37,404,826</u>	<u>\$ 31,755,961</u>

Changes in endowment assets for the year ended June 30, 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets - beginning of year	\$ (7,612,911)	\$ -	\$ 36,043,986	\$ 28,431,075
Investment return:				
Investment income, net	425,170	-	-	425,170
Realized gain on sale of investments	1,453,565	-	-	1,453,565
Net appreciation on investments	1,025,198	-	-	1,025,198
Total investment return	2,903,933	-	-	2,903,933
Contributions	-	-	589,324	589,324
Change in value of split-interest agreements	-	-	71,412	71,412
Increase in csv of life insurance policies	3,268	-	-	3,268
Appropriation of endowment assets for expenditure	(1,326,656)	-	-	(1,326,656)
Endowment net assets - end of year	<u>\$ (6,032,366)</u>	<u>\$ -</u>	<u>\$ 36,704,722</u>	<u>\$ 30,672,356</u>

Funds with deficiencies:

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets were \$5,648,865 and \$6,032,366 as of June 30, 2018 and 2017, respectively. These deficiencies resulted from unfavorable market fluctuations.

NC State Student Aid Association, Inc.**Notes to Financial Statements****June 30, 2018 and 2017****Note 16. Endowment Fund, Continued**Investment return objectives and strategies:

The Association's investment policies include several investment objectives relative to its long-term investments, including permanent endowment funds. These objectives include (1) preservation of capital, (2) prudent investment of capital, (3) production of reasonable earnings, and (4) low-risk growth in principal of invested capital. To achieve these objectives, the Association has employed the investment strategy of diversifying amongst various fund managers. The investment composition at any given time is dependent upon a number of factors, including the amount available for investment and current market conditions. Expected average rate of return is 5%.

Spending policy and how the investment objectives relate to spending policy:

The Association's policy allows for distribution of funds not to exceed 4.75% of the three year rolling average for the fund's assets as of December 30th for each year. A 3% floor can be implemented in the event that the market drops by more than 40% in a 12-month period.

Note 17. Supplemental Disclosure of Noncash Investing Activities

The Association received noncash donations with the following estimated market values during the years ended June 30:

	<u>2018</u>	<u>2017</u>
Auto expenses	\$ 124,970	\$ 156,000
Athletic department staff benefits	120,750	154,000
Non-scholarship contributions	55,400	71,791
Land held for investment	-	34,115
Computer expenses	38,159	31,481
Doctors/treatment for athletes	30,000	30,000
Promotional items	6,500	12,860
Office supplies and expense	-	12,324
Travel and meetings	2,700	9,037
Professional fees	1,000	6,000
Special events and clubs	6,000	1,412
	<u>\$ 385,479</u>	<u>\$ 519,020</u>

NC State Student Aid Association, Inc.**Notes to Financial Statements****June 30, 2018 and 2017****Note 18. Commitments**

The Association agreed to fund a portion of the University's financing of the Reynolds Coliseum Renovation Project in the amount of \$20,000,000 plus interest to be paid over the next several years.

The Association agreed to fund the construction of an athletics residence hall (Case Commons) for the University. The project was estimated to cost approximately \$18,276,600, which included the estimated construction cost of \$15,000,000 plus interest. The memorandum of understanding was restructured in fiscal year 2018 and the Association will no longer pay the University to help fund Case Commons. Payments totaling \$0 and \$1,250,000 were paid during the years ended June 30, 2018 and 2017, respectively.

The Association had agreed to fund several other facility improvements for the University. In 2012, the Association committed \$150,000 per year for ten years for the soccer stadium.

Future commitments for University support are as follows:

	<u>Soccer Stadium</u>	<u>Reynolds Coliseum</u>	<u>Total</u>
2019	150,000	1,779,134	1,929,134
2020	150,000	1,779,134	1,929,134
2021	150,000	1,779,134	1,929,134
2022	-	1,779,134	1,779,134
2023	-	1,779,134	1,779,134
Thereafter	-	16,012,206	16,012,206
	<u>\$ 450,000</u>	<u>\$ 24,907,876</u>	<u>\$ 25,357,876</u>

Note 19. Subsequent Events

The Association has evaluated its June 30, 2018 financial statements for subsequent events through September 21, 2018, the date the financial statements were issued, and is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Note 20. Reclassifications

Certain amounts for 2017 have been reclassified to conform with the 2018 financial statement presentation. Such reclassifications have no effect on changes in net assets or cash flows as previously reported.



September 21, 2018

To Board of Directors and Management of
NC State Student Aid Association, Inc.
Raleigh, NC

Our audit was performed in accordance with auditing standards generally accepted in the United States of America. In planning and performing our audit of the financial statements of NC State Student Aid Association, Inc. (the Association) as of and for the year ended June 30, 2018, we considered the Association's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be weaknesses or significant deficiencies. Therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We consider the following deficiencies in internal control to be a significant deficiencies:

1) Aging of Pledges Receivable

Criteria: A subsidiary of pledges receivable, to include annual scholarship gifts and capital pledges, should be reconciled to the general ledger on a monthly basis. Documentation of write-off history to support the general reserve should be maintained. Evaluation of specific capital pledges for collectability should be documented and performed at least annually.

Conditions: Pledges receivable are not reconciled or recorded to the general ledger until fiscal year-end. A general five percent reserve is established for all pledges receivables to include annual scholarship gifts, capital pledges and endowment pledges. Documentation of methodology used to establish reserve was not maintained. Evaluation of a specific reserve was not documented for capital or endowment pledges receivable.

Effect: Lack of recording pledge receivables within the accounting system timely impairs management's ability to monitor collections and write-offs of uncollectible accounts. The Association's estimate of the allowance for doubtful pledges may be over or under stated.

Recommendation: We recommend pledges receivable per the donor system be reconciled to the general ledger on a monthly basis. The Association should establish a written policy related to how the general reserve for pledge receivables is established and monitored. In addition, the policy should address how a specific reserve is established for capital and endowment pledges. Last, the policy should establish guidelines for when an account should be written off.

2) Donor System Reconciliation

Criteria: The donor system ("sub-ledger") used to track contributions should be reconciled to the general ledger on a monthly basis.

Conditions: The donor system is not being reconciled to the general ledger.

Effect: Without reconciling the two systems there is increased risk that posting errors are not identified and that improper revenue adjustments may go undetected.

Recommendation: The general ledger should be reconciled to the donor system monthly. Such a reconciliation is a primary means of preventing or detecting an error or fraud in revenue. We recommend that a reconciliation of the general ledger to the donor system be made at the end of each month and that any reconciling items be investigated and/or cleared and explained. Lastly, review of the reconciliation should be documented.

3) Approval of Journal Entries

Criteria: Proper segregation of duties requires that corrections and adjustments recorded in the general ledger be reviewed and approved by someone other than the individual who initiated the related transaction.

Condition: We noted that there is no documentation of review on manual journal entries. These entries include revenue entries made when deposits are prepared, and expenses arising from business credit cards.

Effect: Individuals have the ability to unilaterally adjust the general ledger. This increases the risk of incorrect or improper adjustments due to fraud or error.

Recommendation: We recommend that all journal entries be approved by the CFO, and that review and approval should be documented.

4) **Written Personnel Policy**

Criteria: General procedures for determining and documenting compensation and benefits including fringe benefits, bonuses, pay rate authorizations, severance payments, and disability payments, should be established in a written personnel policy.

Condition: Three of six employees tested did not have documentation of approved salary/pay rates to support amounts paid, and six of six employees tested did not have documentation of approval for fringe benefit payments.

Cause: A written personnel policy is not in place.

Effect: The process for establishing compensation arrangements and for pay rate adjustments is not clear and may be construed as arbitrary without consistent documentation being maintained in employee personnel files.

Recommendation: The Association should develop a written policy to establish guidelines for how compensation rates, fringe benefits and termination arrangements should be authorized and documented.

5) **Contribution Restriction Documentation**

Criteria: Documentation to support the donor's intentions for restricted or unrestricted use of contributions should be retained by the Association.

Condition: Ten of fifty contributions tested were received via bank draft or credit cards and did not have documentation to support the donor's intention for the use of the funds.

Cause: The Association does not maintain the initial bank draft and credit card payment forms to support the intended use of the funds received via these forms of payment. Email receipts to support credit card payments for contributions received over the phone are also not retained by the Association.

Effect: Support does not exist to substantiate how the contribution is entered into the accounting system and therefore, contributions may be inappropriately restricted or unrestricted based on the donor's intent.

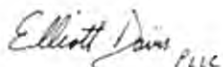
Recommendation: The Association should retain initial bank draft and credit card payment forms to support the intended use of the funds. In addition, the Association should retain email receipt for all contributions received via credit cards over the phone.

We have previously discussed our observations and suggestions with management and would be pleased to discuss them in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendations to the extent our independence is not impaired.

This communication is intended solely for the information and use of management, those charged with governance, and others within the Plan Sponsor and is not intended to be and should not be used by anyone other than these specified parties.

This communication is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

ELLIOTT DAVIS, PLLC

A handwritten signature in cursive script that reads "Elliott Davis, PLLC".

Raleigh, North Carolina

"Booster" Club Operating Procedures

14.3 Booster Club Operating Procedures

NC State Student Aid Association, Inc.

Payment Handling Procedures

The association accepts payment by several forms to include, but not limited to, cash, check, credit card, bank draft, matching gift, and stock gift. Donors may make payment by mail, telephone, online using the association's website, by electronic funds transfer (EFT), by wire transfer, or in-person by visiting the association's office. The business office, led by the organization's chief financial officer (CFO), is responsible for establishing best business practices as it relates to the handling of payments made by donors to the NC State Student Aid Association.

1. Mail payments

- a. The association maintains a post office box to receive most mailed payments. In addition, payments sent to the association's street address are delivered by the USPS to the association's lock box located on the ground floor of the building.
- b. Mail is picked up daily by one of the association's interns and delivered to a member of the Membership Services staff who sorts and delivers payment envelopes to the appropriate membership staff members assigned to receive mail for that day.
- c. The assigned staff member opens payment envelopes and sorts payments designated for future processing based on method of payment (check or credit card).
- d. Processing responsibilities rotate among membership staff with one member responsible for cash/check payments and another member responsible for credit card payments.
- e. Payments are processed as indicated on payment slip and filed in daily folders for future reconciliation. Physical cash and checks are processed and transferred to the business manager for deposit into one of the association's bank accounts.

2. Online payments

- Donors may log into their Wolfpack Club membership account online and choose to make a payment using a credit card or via a personal URL processed by a third party vendor.
- a. Payments received online are imported into the donor database several times during each business day. Card numbers are automatically truncated and membership staff can only view the last 4 digits of the card along with the card's expiration date. Gifts made via third party are reported on, imported through a special import tool, reconciled daily.
 - b. A list of online transactions is generated with each import and filed in a daily folder for future reconciliation.

- c. Donors may also opt to establish a payment plan using a credit card or bank draft by logging into their Wolfpack Club membership account online. Payment plans are imported into the donor database on a daily basis and a list of online transactions is generated with each import.

3. Electronic Funds Transfer or Wire Transfer payments

- Donors may make a gift to the Wolfpack Club via an electronic funds transfer (EFT) or a wire transfer. Funds are directed into the association's primary bank account and the association receives an electronic notification from the bank when funds arrive.

- a. The business manager shall forward a copy of the bank notification to one of the membership staff members to process the donor's gift as directed by the transfer.

4. In-person or telephone payments

. A member of the association's staff meeting or speaking with the donor will receive the payment information and record the payment information on a payment slip.

- a. Payments are delivered to the appropriate membership staff member depending on the form of payment (cash/check/credit card).
- b. Payments are processed as indicated on payment slip and filed in daily folders for future reconciliation.
- c. Physical cash and checks are processed and transferred to the business manager for deposit into one of the association's bank accounts.

5. General Processing and Reconciliation

. Payments entered into the donor database are assigned to a daily batch with a unique number. Membership staff produce a batch report that includes the donor's name, account number, allocation designation, and payment amount. A report is also generated from the association's credit card processor of all credit card payments entered online by donors.

- a. Membership staff utilize the batch reports and credit card processing report to reconcile the daily transactions to the payment information contained in the daily folders.
- b. Once reconciled, membership forwards a summary report of payment transactions to the business manager who is responsible for transferring funds designated for capital projects to the appropriate bank account.
- c. Original batch reports and credit card processing reports are filed in a secure location for future reconciliation by the association's auditors.

2.9.2.10

NC State Student Aid Association, Inc. Disbursement Procedures

All disbursements in excess of \$500.00 require a purchase order approved by the chief financial officer (CFO) prior to purchase. For smaller purchase, association credit card, or employee reimbursement may be utilized, subject to the review and prior approval of the CFO. Association credit cards are maintained by the business manager in a secured locked location, with access limited to the business manager and CFO.

1. Purchase orders are initiated by staff and submitted electronically to the CFO for review and approval within five (5) business days. Once approved, the CFO shall provide a signed copy of the purchase order to both the staff member and the business manager.
2. Upon receipt of goods or services, the staff member initiating the purchase shall approve the invoice from supplier and submit to the business office for payment processing.
3. Invoices are matched to approved POs and entered into the financial system by the business manager for payment at a future date.
4. Once a week the business manager issues checks for invoices that are due for payment. All checks written by the business manager are then reviewed and approved by the CFO, and each check requires signatures from both the CFO and business manager.
5. Travel and expense reports are completed by staff and submitted to the CFO for review and approval. Upon approval by the CFO, the business manager enters the reports into the financial system for payment. Checks cut for reimbursement of staff for travel expenses are handled in the same manner as all other accounts payable checks.
6. The CFO reviews and approves all contracts for the association, with consultation from the executive director as needed. Any contract in excess of \$25,000 in value requires signed approval by the executive director after review by the CFO. Contracts less than \$25,000 in value may be signed by the executive director or CFO.
7. The association provides fuel credit cards to employees driving courtesy cars. Credit card receipts shall be included as part of the employee's expense report. The association is billed monthly for fuel and the business manager reconciles the statement with receipts turned in by employees.
8. A fidelity bond is maintained covering the actions of all staff member who have check signing authority or who handle cash or other negotiable instruments.



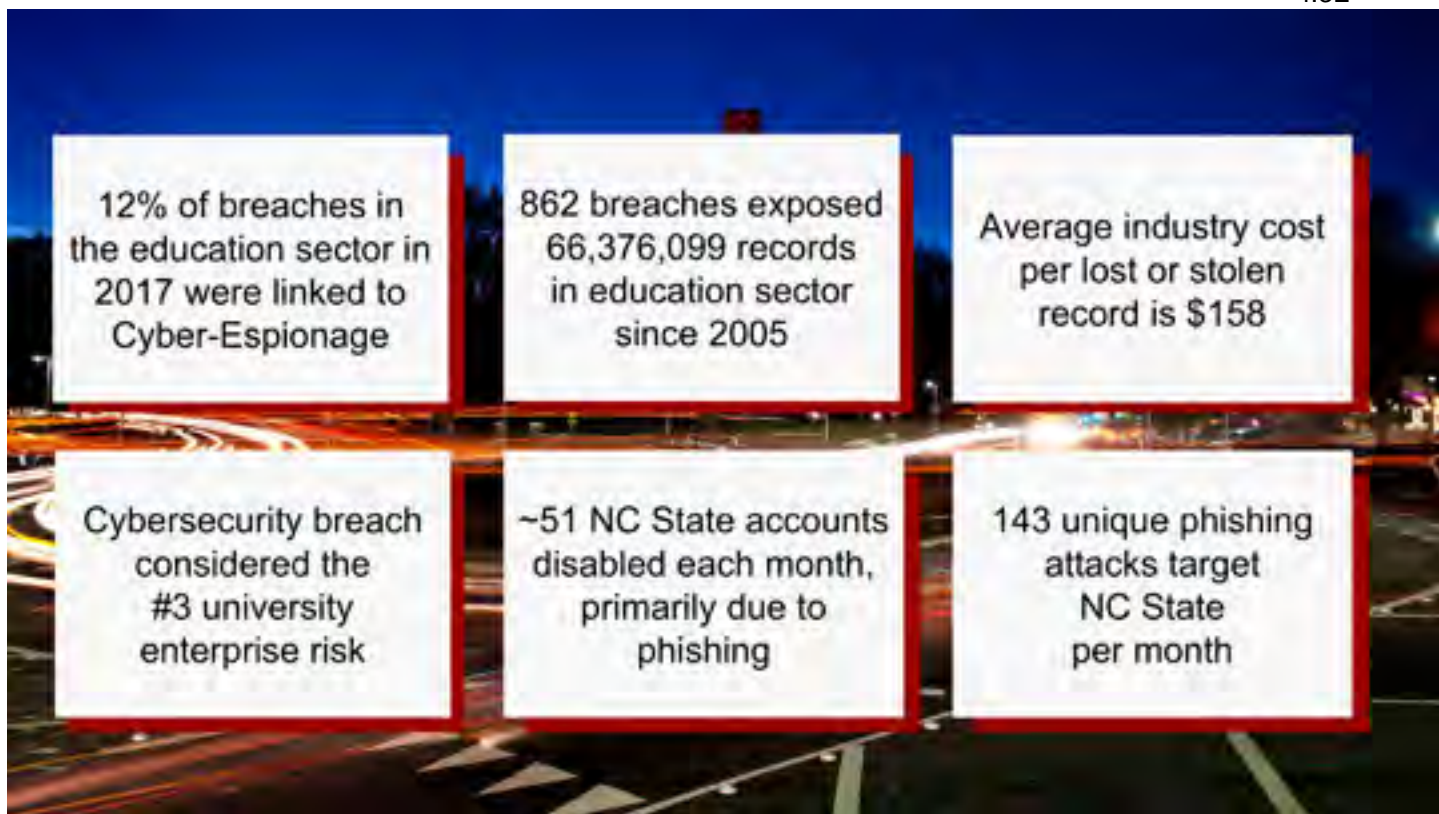
IT Security Update

Annual Report to Audit, Risk Management
and Finance Committee

NC State Board of Trustees

Marc Hoit

February 2019



90% of breaches in 2017 had financial or espionage motive

- Cyber-espionage breaches were down to 12% from 22% in 2016, but still active (2016 had seen a dramatic increase from 2015.)
- A plurality of the breaches were the result of social-engineering.
- Hacking is the dominant action type in Education (72% of incidents / 44% of breaches)
- Source: [Verizon Data Breach Investigation Report](#), 2018

2018 data: 862 breaches, exposed 66,376,099 records in education sector since 2005

- Largest 2018 breach was of a textbook publisher, exposing 40M records
- Source: [Privacy Rights Clearinghouse](#)

Across all sectors phishing and pretexting (dialogue back and forth between the actor and the victim) is by far the most common type of social attack, accounting for 98% of social incidents and 93% of breaches. Email continues to be the primary vector (96%)

NC State has seen a significant drop in accounts needing to be disabled each month, from more than 120 per month to about 51 per month. This is due primarily to raising user awareness and requiring two-factor authentication (2FA) for all university employees. We should see another significant drop once 2FA is implemented for all student accounts.

In 2018, NC State saw 1,774 unique phishing attacks. 884 were link-based attacks, attempting to compromise the user's account, 890 were fake job/personal information collection attacks (pretexting), that attempted to lure the account holder into providing identity information and/or performing illegal activities such as money laundering, check/gift card fraud, and postal fraud.

University costs for data exposures were much lower than the \$158 average; about \$50 per record for NC State.



Cyber Threats seen at NC State

Common Attack Methods:

- **Phishing** - attempt to obtain sensitive information such as usernames, passwords, and credit card details, often for malicious reasons, by disguising as a trustworthy entity by email
- **Smishing** - user is tricked into downloading a Trojan horse, virus or other malware onto his cellular phone or other mobile device.
- **Vishing** - using social engineering over the telephone system to gain access to private personal and financial information from the public for the purpose of financial reward
- **Ransomware** - type of malicious software from crypto virology that threatens to publish the victim's data or perpetually block access to it unless a ransom is paid.

Data Types and who is going after our info:

- Financial, Student / Employee Information
 - **Common Hackers** - general hacker either working for self or in an organized group as a business
 - **Insiders** - Anyone with access or knowledge through a relationship with the organization (includes employees, students, alumni, contractors, volunteers, interns, etc.)
 - **Hacktivists** - Individuals or groups that hack for ideological reasons (WikiLeaks, anonymous, the Jest-er who attacks WikiLeaks, Islamist sites, homophobic sites, etc.)

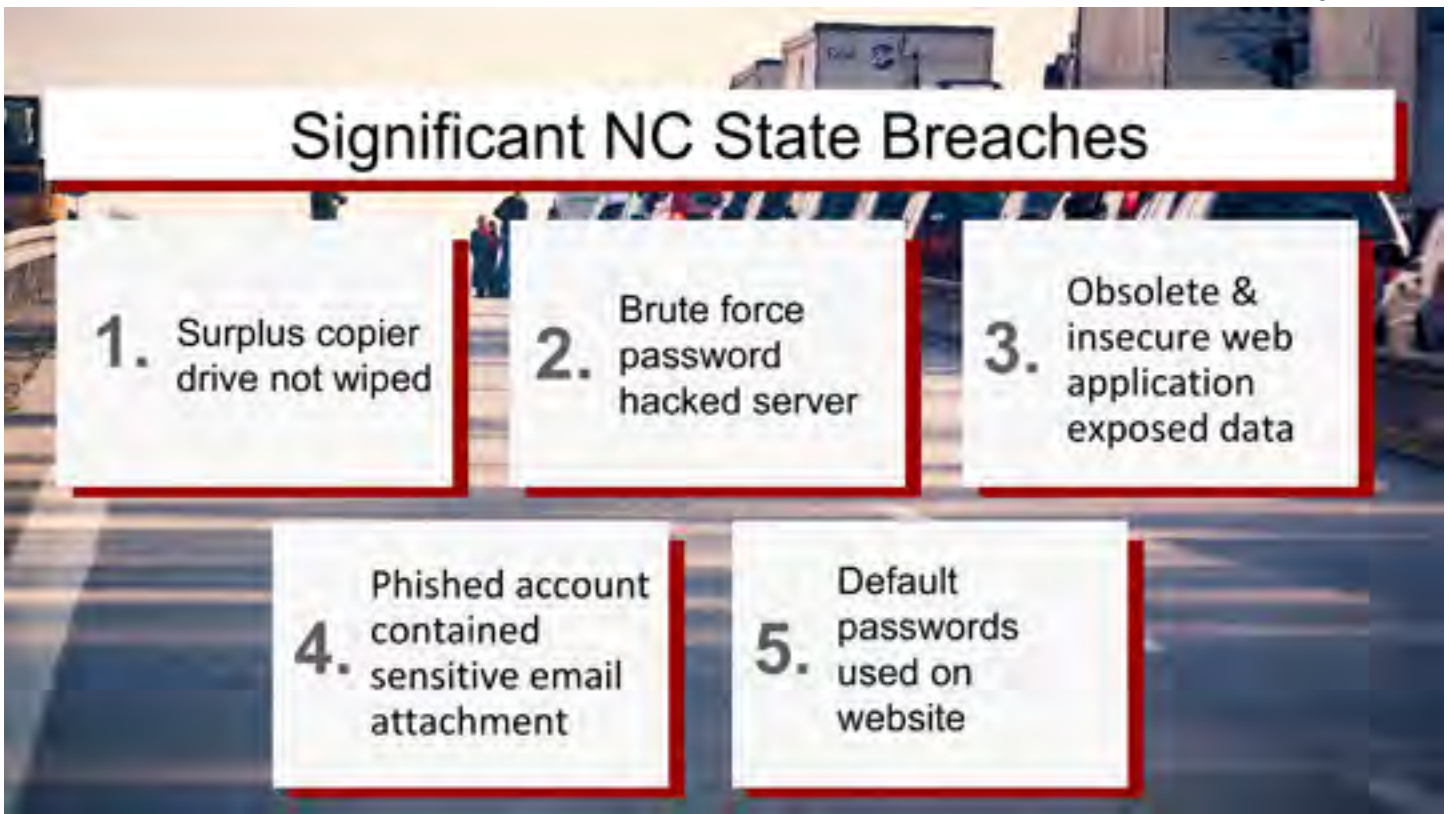
Organized Crime - transnational, national, or local groupings of highly centralized enterprises run by criminals who intend to engage in illegal activity, most commonly for profit

- Research / Intellectual Property
 - **Nation States** - (i.e., United States, Russia, China, Iran, North Korea, France)
 - **Corporate Espionage** - covert and sometimes illegal practice of investigating competitors to gain a business advantage, often involves theft of intellectual property and trade secrets



People are both our greatest asset and vulnerability!

- Since 2009 the largest rise in attack landscape has been in user devices (personal devices and internet enabled) and people!
- It cost NC State about \$50 per record after a data compromise (data was actually taken and/or incident data was exposed); private sector up to \$200 a record (think Equifax or Target).



Significant NC State Breaches

- 2013 - a hard drive was not wiped and removed prior to sending a copier machine to state surplus. Someone bought the printer, discovered the data and attempted to extort the university for money. (80,000 records were exposed)
- 2014 - DUBrute (a hacking tool used to brute force passwords) was detected on one of the servers that affected about 1,000 SSNs.
- 2015 - FBI discovered NC State University data via an investigation. Affected data compromised (~500 SSN, 19,000 users/GRE Scores in which ~5,000 had last 4 digits of SSN listed) was unprotected data stored from applications no longer in use.
- 2016 - User forwarded an email to a colleague (internally) that had SSN of 40,000 students in an attachment. Later, user credentials were stolen and had to treat as an incident because it could not be determined whether the attachment was accessed by the hacker.
- 2018 - Default passwords were used on a conference website which was compromised. Users' passwords (~100) were exposed.

University Strategic Risks for 2018-19

1. Reductions in Federal Research Funding
2. Reductions in State Funding
3. Data or Cyber Security Breach
4. Decline in Out of State and International Enrollment
5. Faculty Losses
6. Reduction in Financial Aid
7. Regulatory Reform
8. Decline in Minority Enrollment
9. Activism
10. Sexual Violence or Other Serious Crime

University Strategic Risks

- IT is critical but only a portion.



Focus is to support the university strategic plan & simultaneously reduce risk

Transportation analogy:

- Cybersecurity is like a road system (roads, constant repair, growing traffic, congestion, lights & roundabouts to mitigate - this is the infrastructure) - goal is to reduce traffic accidents - there will always be accidents (how to stop speeders, running a red light, drunk driving)
- Cybersecurity breach is a University Strategic Risk
 - FBI calls universities “soft targets”
 - Greatest risk is across three areas:
 - Business of the university
 - Student and employee records
 - Research data and Intellectual Property (IP)
- Conflicting goals in a university setting
- Providing open access vs. securing intellectual property & sensitive data
- Threats and concerns (what we face - NSA, international visitors & students, open campus, sharing our research & results, etc.)
- Overlapping compliance mandates
- E.g, ISO 27002, NIST 800-171, PCI DSS, HIPAA, GDPR

We always need to balance the effort, cost and value with the risk (probability AND impact)

Compliance Efforts through Compliance Steering Committee

- Athletics Compliance, IT accessibility, Faculty research risk: NIST - research compliance, IT compliance with federal, state & local rules & regulations (e.g. PCI & HIPAA)

New Data Governance Committee being developed - following Compliance Steering Committee/Working Group model

Cybersecurity Permeates IT Strategic Goals

Innovate

- Goal 1: Lead IT Innovation
- Goal 2: Leverage Data

Manage

- Goal 3: Maintain & Enhance University Cyberinfrastructure
- Goal 4: Optimize IT Resources through Governance

Collaborate

- Goal 5: Cultivate a Collaborative IT Culture
- Goal 6: Foster Connectedness of Communities

Cybersecurity is a major part of IT efforts

University Cybersecurity Strategy

1. **Secure our Data.** Enhance access to and security of data resources to advance research and decision making.
2. **Secure our Infrastructure.** Provide a core IT infrastructure (people, processes, technology) that is secure, resilient and adaptable to meet the current and anticipated future needs of the university community.
3. **University Cybersecurity Objective.** To develop a systematic approach to continuously identify, assess and manage cybersecurity risks to university data and infrastructure so that security expenditures can maximize the impact of the investment.



Cyber Security Roadmap

Our Cyber Security Roadmap is the implementation of the Cyber Security Strategic Plan outline below. Some of the Roadmap projects are listed on slides 11 & 12.

- **Cybersecurity Strategic Plan** - see [plan](#) for details
 - **Vision:** An agile, secure and resilient cyber environment that empowers the NC State community to innovate and achieve the university's mission: teaching, research, and engagement.
 - **Mission:** Employment of risk-based measures to defend NC State's digital assets from internal and external threats.
 - **Goal 1:** Be a leader in higher education cybersecurity awareness
 - **Goal 2:** Embrace a risk-based approach to protect digital assets
 - **Goal 3:** Enable proactive advanced cybersecurity defenses
 - **Goal 4:** Create a comprehensive data-driven monitoring and reporting system (dashboard) that generates near real-time actionable intelligence



Compliance Requirements

We are subject to a large number of compliance requirements, many which overlap, so we find common solutions:

- Federal and State Laws
 - HIPAA - medical records (Athletics, DASA (Student Health))
 - GLBA - (Financial Aid, Cashier's Office, bank transfers, etc.)
 - FERPA - student privacy (all student records - small set exempt by definition name, major, etc.)
 - NC Identity Theft Act - Personally Identifiable Information, or PII
 - US Export Controls (certain research info & data)
- Contractual Agreements
 - PCI DSS - credit card data
 - Research agreements (NIST 800-171) - Controlled Unclassified Information, mostly research info
 - Nondisclosure agreements
- UNC SO Adopted Security Standard (ISO 27002) - overall IT control framework
- UNC SO Policy 1400.1 & 1400.2 - New policies on responsibility for IT security
- International requirements
 - EU's GDPR

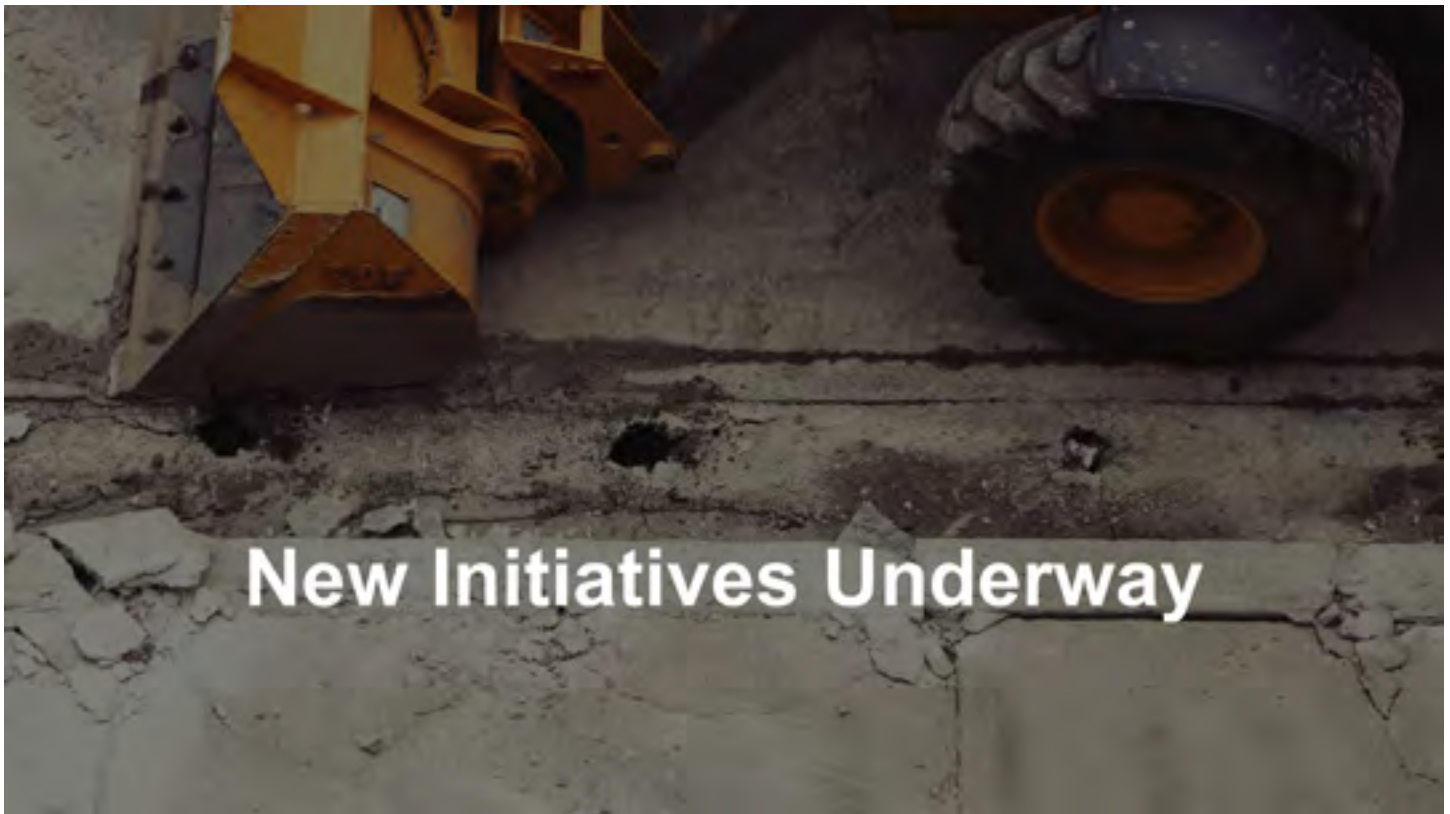


Significant Accomplishments

Recent Significant Accomplishments

We are subject to a large number of compliance requirements, many which overlap, so we find common solutions:

- [Data Sensitivity Framework](#) - Used as a model and reference at many other universities
- Data Policies - Security Standards/Procedures/Guidelines
 - Network Printer Security Standard
 - Basic controls to protect these devices
 - Cybersecurity Incident Response Procedures
 - Process to secure infected machines & handle incidents
- NIST Compliance - Secure University Research Environment (SURE)
 - Short term to meet immediate NIST requirements
 - Long term and lower cost solution in progress
- Two-factor authentication (2FA) for employees
 - Can prevent up to 98% of phishing account compromises
 - Nov 1, 2017: all employees were required to have both Google 2-Step and Duo Two-Factor enabled (~22,000)
 - Includes student employees, retirees, other no-pays
- PCI Compliance - moved to hosted websites - close to attesting full compliance
- SIIR (Sensitive Information identification & Remediation) - Looking for sensitive data on devices



Significant work now taking place

- [New UNC Policies](#) (1400.1, 1400.2, 1400.3) - IT Governance, Information Security, and User Identity & Access Control
- Endpoint Security Standard (in process)
 - Will ensure all campus systems are patched
- Secure University Research Environment (SURE)
 - Short term to meet immediate NIST requirements
 - Long term and lower cost solution in progress
- 2FA for students - Roll-out in early 2019
- Secure Google Environment for meeting long term research security requirements (NIST and more)
- Raising Awareness - First goal of Cyber Security Strategic Plan
 - More than half of all breaches are caused by human error
 - People as first line of defense
 - Outreach including seminars & news articles
 - Requiring Security Training - Mandatory security awareness training will begin in Jan/Feb 2019
- Update of Data Sensitivity Framework



State IT Audit and resulting observations

- New IT Security Policies from System Office
- Noted observations for NC State
 - Lack of Change Management guidance for campus
 - OIT Change Management procedures need enhancements
 - Incomplete inventory of all university-owned devices - need to include all campus
- Consistent Maturity Level scale used across UNC system to measure progress of security standard ISO 27002 (include info from next slide)
 - **Maturity Scale** (from 0 - Not Performed to 5 - Continuous and Continuously Improving)
 - Of the 110 controls that make up ISO 27002:
 - 0% - Level 0 - not being performed at all
 - 7% - Level 1 - performed informally
 - 31.6% - Level 2 - planned
 - 36% - Level 3 - well defined
 - 15.8% - Level 4 - quantitatively controlled
 - 9.6% - Level 5 - continuously improving

Good Communications Supports Trust



Good communications are one of the best ways to build trust

- New Governance restructure
 - Separating operational roles and services from overall strategy and policy
 - Governance Role:
 - Strategic IT Committee to be launched in the spring
 - New IT governance officer
 - IT Security representation on ALL committees
 - Service teams and advisory groups
 - Will continue to support and enhance IT services that are vital to campus
- Data Governance Committee (with Working Group) - Similar in structure to Compliance Committee
- Complex cross functional projects have increased PM support
- OIT project teams are charged to include more non-OIT representatives



Huge culture shift!

- Complex and continuous learning curve
 - Need for ongoing training for faculty, grad students, IT staff, etc.
- Increased focus on security for all campus IT
- Additional staff, software and hardware required to meet needs

NC State Investment Fund, Inc.

NC State University, Campus Box 7207, Raleigh, NC 27695-7207

Inception Date: April 1, 1999

September 30, 2018

MARKET COMMENTARY

In the face of heightened trade tensions, global equity markets continued to advance and economic news was substantially positive for the quarter. The US outperformed other developed markets as tariffs (both real and threatened) caused trepidation among some of the largest trading partners. To date, the US has implemented, to varying degrees, tariffs on \$250 billion of Chinese goods, solar panels, washing machines, steel and aluminum. Regardless, robust employment, corporate earnings, and modest inflation led the Federal Reserve to once again raise its target Fed Funds rate range in September to 2%-2.25%. Emerging markets experienced significant volatility during the third quarter as the US dollar continued to strengthen and tariffs went live.

Domestic equities, as measured by the S&P 500 Index, produced a strong return of 7.7% during the quarter. Small cap stocks, as measured by the Russell 2000 Index, were the lowest performers during the quarter at 3.6%. For the one-year period ended September 30, 2018, large-, mid-, and small-cap stocks all performed well returning 17.9%, 14%, and 15.4%, respectively.

International equities, as measured by the MSCI EAFE Index, were modestly positive for the quarter, up 1.4% as political uncertainty in various markets including uncertainty around Brexit, the Italian budget crisis, and additional protectionist trade policies from the US along with slowing economic momentum weighed on returns. International markets have been unable to keep pace with the US over the last year, returning just 3.3%.

Emerging Markets, as measured by the MSCI Emerging Markets Index, continued to struggle, posting a loss of -1% for the quarter. Significant tariffs on Chinese imports, political uncertainty in numerous markets, and a stronger US dollar were just some of the headwinds emerging markets had to contend with during the quarter.

The third quarter of 2018 saw 10-year Treasury yields rise once again, beginning the quarter at 2.87% before closing at 3.05%. The front end of the curve continued to rise in tandem with the Fed's rate hikes, with the 1-year moving from 2.34% at the beginning of the quarter to 2.59% on September 30. In general fixed income securities struggled during the period with one of the lone bright spots once again being high yield. The high yield market continues to benefit from technical tailwinds as a result of limited issuances, even as spreads remain tight.

Subsequent to quarter end, volatility returned to equity markets with many of the 'darlings' of the current bull market (technology, growth, small caps) experiencing significant sell-offs. Within fixed income, the yield on 10-year Treasuries temporarily spiked to 3.23% and credit spreads widened. After an extended period of limited volatility, uncertainty is back in the markets.

PERFORMANCE

September 30, 2018

Market Value	\$1,037,629,000	Participants				9
Performance	QTD	1 Year	3 Year	5 Year	10 Year	
NCSIF	2.6%	10.9%	8.9%	9.0%	6.8%	
Policy Index (1)	3.1%	7.6%	8.0%	7.0%	7.2%	
Global Index (2)	3.0%	6.4%	9.7%	6.8%	7.1%	
BNY E&F Univ (3)	2.3%	7.3%	9.2%	7.3%	7.5%	
UNCIF	2.6%	11.4%	8.8%	9.0%	6.8%	
NCSIF Private Equity	1.2%	12.2%	9.9%	12.9%	9.0%	
BlackRock LPP	3.4%	7.8%	10.7%	7.7%	N/A	

Note 1: Policy Index= NCSIF's Strategic Investment Policy Portfolio Index (SIPP)

Note 2: Global Index= 70% ACWI; 30% Barclay's Aggregate

Note 3: BNY Mellon Endowment & Foundation Universe Median Return—

147 portfolios are represented for the one-year period ended September 30, 2018

FUND PERFORMANCE

The NCSIF (Fund) is a large, diversified investment pool with a long-term perspective. At September 30, 2018 the Fund had \$1.04 Billion invested with several managers in a wide variety of asset classes. The largest manager for the Fund, UNCMC, managed 87.1% of the Fund's assets. The UNC Investment Fund (UNCIF) produced a three-month return of 2.6%, and a 12-month return of 11.4% for the period ended September 30, 2018. The NCSIF employs seven additional private equity managers, who oversee 1.9% of the portfolio. This portion of the Fund produced a three-month and 12-month return of 1.2% and 12.2%, respectively, for the period ended September 30, 2018. The Fund's Liquid Policy Portfolio (LPP), managed by Blackrock, was another 9.6% of the portfolio. This investment returned 3.4% for the three months and 7.8% for the 12 months ended September 30, 2018. The remaining 1.4% of the portfolio is invested in cash with the State Treasurer's Short-Term Investment Fund (STIF).

RISK METRICS

3 Year Period	Fund	UNCIF	Policy Index	MSCI ACWI
Annualized Return	8.9%	8.8%	8.0%	13.4%
Annualized Volatility	4.0%	4.1%	4.5%	9.4%
Annual Sharpe Ratio (1)	2.21	2.17	1.79	1.43
Correlation to Global Index	0.85	0.81	0.93	0.99
Max Drawdown	-5.1%	-5.3%	-4.2%	-9.1%

Note 1: Sharpe Ratio: Excess return per unit of risk

This report is based on information available at the time of distribution. The information comprising this report has not been audited and is subject to change.

First Quarter Fiscal Year 2019

NC State Investment Fund, Inc.

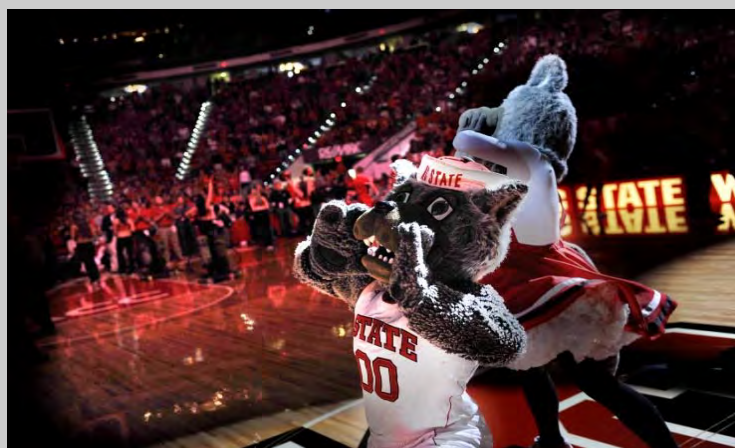
NC State University, Campus Box 7207, Raleigh, NC 27695-7207

Inception Date: April 1, 1999

September 30, 2018

INVESTMENT STRATEGY

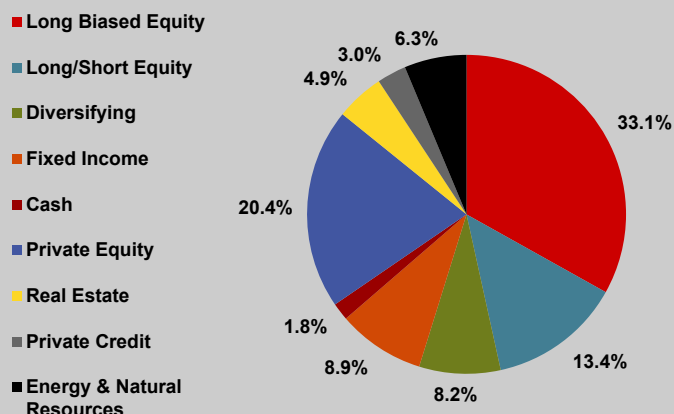
The Fund is managed as a broadly diversified portfolio with exposure to seven primary asset classes and many sub-strategies within each asset class. The Fund seeks to diversify exposure to the sub-strategies through the use of multiple investment managers that utilize a variety of investment approaches. The purpose of diversification is to provide reasonable assurance that no single security, class of securities, or investment manager has a disproportionate impact on the Fund's aggregate results. At times, the Fund invests in passive strategies. In working toward the Fund's investment strategy, through UNCMC, the Fund invests in a number of niche managers that can employ different types of hedging strategies such as short-selling and derivative investing to help reduce the volatility of the Fund. The focus on controlling volatility preserves capital and benefits Fund participants through the power of compounding.



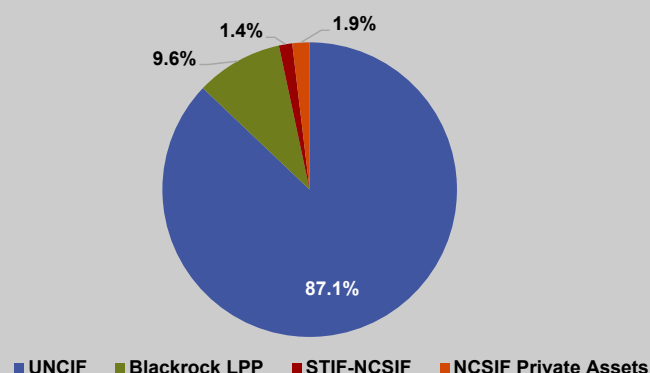
UNC MANAGEMENT CO.

The UNCMC was established on January 1, 2003 as an exempt 501 (c)(3) organization. It is a professionally-staffed asset management company created to provide investment services to the University of North Carolina at Chapel Hill and its affiliated entities, to the constituent institutions of the UNC system and system affiliated foundations, associations, trusts, and endowments. With nearly 40 employees, UNCMC has two teams, Investment Management and Operations. The Investment Management team manages all public and private investments of the UNCIF. Their responsibilities include evaluating and monitoring investment managers, recommending changes to investment objectives and asset allocation, monitoring risk, and implementing investment decisions approved by the UNCIF's Executive Committee. The Operations Team performs all administrative, legal, compliance, accounting, and performance reporting duties.

ASSET ALLOCATION



ALLOCATION BY MANAGER



HISTORY OF THE FUND

The NC State Investment Fund, Inc., (Fund) was established in April 1999 to combine NC State University's and its affiliated entities' endowments in an external pooled investment vehicle. The goal of the investment program for the Fund is to provide a real total return from assets invested that will preserve the purchasing power of Fund capital, while generating an income stream to support the spending needs of the University. Effective July 2008, the Fund partnered with UNC Management Company (UNCMC) to invest in the UNC Investment Fund (UNCIF), with the remaining investments committed to a Liquid Policy Portfolio (LPP) of Exchange Traded Funds (ETF's) and to seven private equity managers which includes an allocation for cash to fund capital calls. The transition of assets to UNCMC was completed December 2009.

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First Quarter Fiscal Year 2019

NC State Intermediate Term Fund

NC State University, Campus Box 7207, Raleigh, NC 27695-7207

Inception Date: July 3, 2014

September 30, 2018

FUND HISTORY AND PHILOSOPHY

As a pooled fund for the collective investment of operating funds, the NC State Intermediate Term Fund (ITF) consists of Participants' excess cash balances, which are defined as funds not needed for normal operating purposes. Generally, the ITF will not include operating funds needed within the next year, endowed funds or those funds that are specifically excluded by law or contractual agreement.

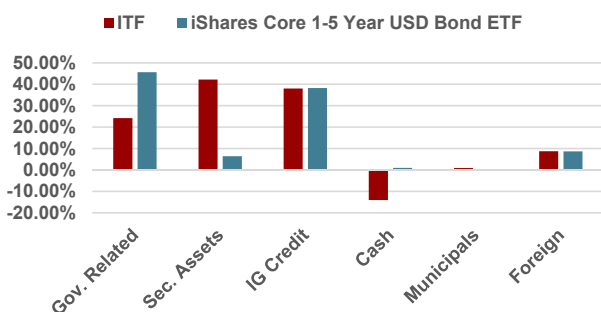
The decision to invest funds takes into account various factors including duration, credit, concentration, and manager risk, along with total return, suitability, and the experiences, quality and capability of external managers.

The primary investment objectives of the ITF are: 1) Preservation and safety of principal; 2) Liquidity; and 3) Maximization of returns within acceptable levels of risk. Because of current concerns about potential changes in monetary policy and rising interest rates, duration is limited. The investment policy calls for an average weighted maturity between one and five years, with an overall credit rating in general of A+/A as rated by a nationally-recognized rating agency. However, for any mutual funds selected by the ITF, their respective approved investment policy guidelines supersede those of the ITF.

The ITF was established on July 3, 2014 with an initial investment of \$122 million. Additional investments were made during FY 2015 & FY 2017, bringing the total invested to \$193.83 million. The ITF can be compared with the State Treasurer's Short-Term Investment Fund (STIF) on both a total return and on an SEC yield basis. In order to provide a buffer for changes in the NAV of the different investments, some of the excess earnings are being used to create a loss reserve. FMV fluctuates on a day-to-day basis.

BlackRock's SIO was liquidated from the fund on June 30, 2016. Proceeds were invested in Vanguard's Short Term Fund and DoubleLine's Total Return Fund on July 1, 2016. Additionally, a small position with PIMCO Income was initiated on November 2, 2016. The ITF's position in JP Morgan was liquidated on September 27, 2017 and PIMCO Low Duration was liquidated on October 2, 2017. The proceeds from these liquidations were reinvested into Vanguard's Short Term Fund and PIMCO Income, bringing the total cost basis to \$190.4 million.

SECTOR ALLOCATION



This report is based on information available at the time of distribution. The information comprising this report has not been audited and is subject to change.

PERFORMANCE

Market Value	\$183,952,810			
Performance	QTD	CYTD	1 Year	3 Year
ITF Fund	0.5%	0.2%	0.4%	1.5%
Barclays 1-3 yr Treasury	0.2%	0.2%	0.0%	0.4%
Barclays Universal 1-5 yr	0.4%	0.1%	-0.1%	1.4%
DoubleLine	0.2%	0.0%	0.2%	
PIMCO Income	0.6%	-0.2%	0.9%	
Vanguard Short Term	0.6%	0.3%	0.3%	1.7%

STATISTICS	Fund	Index (1)
Volatility	1.1%	1.3%
Sharpe Ratio	-0.9	-0.7
SEC Yield	3.5%	3.2%
Effective Duration	2.9	2.7
FYTD Net Interest & Dividends**	\$1,644,387	N/A
Net Interest & Dividends Since Inception**	\$19,237,696	N/A

**Net of Fund expenses

Note 1: The iShares Core 1-5 Year Bond ETF is used as a proxy for the benchmark for Statistics information

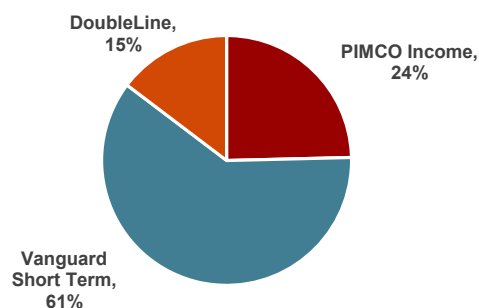
MANAGERS

Vanguard's Short Term Fund has a low tracking error and is a low cost portfolio option consisting primarily of investment grade corporates.

PIMCO's Income Fund is a portfolio of a broad range of intermediate-duration bonds that is actively managed to maximize current income while maintaining a relatively low risk profile.

DoubleLine's Total Return Fund seeks to maximize total return by exploiting inefficiencies within the subsectors of the mortgage market while maintaining active risk management constraints.

MANAGER ALLOCATION



**BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY**

**Buildings and Property Committee
Time: 10:15 – 11:30 a.m., February 21, 2019
Winslow Hall Conference Room
Robert “Chip” Andrews, Chair
Members: Kelly, Murphy, Poole, Washington, Weisiger**

AGENDA

CALL TO ORDER

Chip Andrews, Chair, Buildings and Property Committee

- Roll Call
- Reading of the State Government Ethics Act

1. MINUTES

TAB 1

Chip Andrews, Chair, Buildings and Property Committee

- Approval of November 15, 2018 meeting minutes 5.1.A

2. PROPERTY MATTERS

TAB 2

Harlan Stafford, Director, Real Estate & Development

- Acquisition by easement. The State of North Carolina on behalf of NC State University is requesting an easement from Small & Small, LLC for the installation of telecom services to the G. Milton Small Office Building located at 105 Brooks Ave. in Raleigh, NC. The NC State University's Poole College of Management is leasing this location for approximately seven (7) years to house their department. The proposed easement area will total +/- (10 ft. x 75 ft.) = 750 sf. ~ .0172 ac. 5.2.A.1
- Disposition by easement. The United States Department of Agriculture Services has a ground lease with the State of North Carolina located at 3908 Inwood Rd. in Raleigh, NC. They have requested an upgrade to their cable services, due to this location serving as the State Climate Office Weather Station and reporting site for the Air Quality / Climate Change Research Program. The request for the upgrade has been made through Spectrum Enterprise, Inc. The proposed easement area 5.2.A.2

✓ **Requires full board approval**

¹ **Materials will be distributed to committee members at the meeting**

Buildings and Property Committee

Page 1

**BUILDINGS AND PROPERTY COMMITTEE
NORTH CAROLINA STATE UNIVERSITY
February 21, 2019**

- will be +/- (10 ft. x 750 ft.) = 7,500 sf. ~ .1722 ac.
- Disposition by easement. The Public Service Company of North Carolina has requested the conveyance of an easement to relocate a gas regulatory station and meter adjacent to the Monteith Engineering Research Center 2410 Campus Shore Dr. in Raleigh, NC, located on Centennial Campus. The proposed relocation is in connection with the Centennial Campus Thermals Relocation Project. The proposed easement area will be +/- (10 ft. x 32.50 ft.) = 325 sf ~ .0075 ac. 5.2.A.3
 - Disposition by easement. The City of Raleigh has requested an Easement for the installation of a bus shelter along the southern existing right of way of Hillsborough St., adjacent to Scott Hall in Raleigh, NC. The conveyance will involve 217.87 sf. as a Permanent Transit Easement and 105.79 sf. as a Temporary Construction Easement. The proposed easement area will total +/- 323.66 sf. ~ .00743 ac. 5.2.A.4
 - Acquisition by license. The State of North Carolina on behalf of NC State University is requesting a perpetual license from Norfolk Southern Railway Company to install, maintain, and operate storm water facilities under, along and across the railroad right of way at or near Dan Allen Drive, in Raleigh, Wake County, North Carolina. The proposed project is part of a joint utility project with the City of Raleigh and Landmark Properties, Inc. for installation of storm and sanitary sewer lines along Dan Allen Drive. 5.2.A.5
 - Acquisition by lease. North Carolina State University, on behalf of the Division of Academic and Student Affairs, whose existing lease expires on May 10, 2019, requests a short term lease from University Towers Operating Partnership, LP to be used for overflow residential housing for the 2019-2020 academic year. The university plans to lease 3 Floors (384 student beds and 6 residential advisor beds). 5.2.A.6
 - ✓ Acquisition by lease. North Carolina State University, on behalf of the NSF Center for Integrated Pest Management ("CIPM"), whose existing lease expires on October 31, 2019, requests to execute a new strategic office lease on or near Centennial Campus. CIPM fulfills the land-grant mission of the College of Agriculture and Life Sciences by coordinating interdisciplinary teams, cultivating local to global partnerships and training the next generation of IPM practitioners. CIPM develops and advances new IPM strategies, pest analytic tools, and decision support systems. 5.2.A.7

✓ **Requires full board approval**

¹ **Materials will be distributed to committee members at the meeting**

Buildings and Property Committee

Page 2

3. DESIGNER AND DESIGN-BUILD SELECTIONS	TAB 3
<i>Doug Morton, Associate Vice Chancellor, Facilities</i>	
• Americans with Disabilities Act (ADA) Transition Plan Update 2019	5.3.A.1
• Approval of Designer Selections \$1 million or Less	5.3.A.2
4. ACCEPTANCE OF COMPLETED BUILDINGS AND PROJECTS	TAB 4
<i>Doug Morton, Associate Vice Chancellor, Facilities</i>	
• The University and Office of State Construction have accepted the attached list of completed buildings and projects with dollar values greater than \$2,000,000. The University has accepted the attached list of completed buildings and projects with dollar values less than \$2,000,000. All are recommended to the Buildings and Property Committee for formal acceptance. This listing represents buildings and projects received since the November 15, 2018 meeting.	5.4.A
5. PROPERTY MATTERS (Received after Full Board Mailing)	TAB 5
6. SITE AND PLAN REVIEW / APPROVAL	TAB 6
<i>Lisa Johnson, University Architect</i>	
• Academic Success Center in DH Hill Library	5.6.A.1
• DH Hill North Exterior Site Improvements	5.6.A.2
• Bureau of Mines Renovation	5.6.A.3
• Approval of Plans and Specifications of Formal Projects less than \$2 million	5.6.A.4
7. INFORMATIONAL REPORTS	TAB 7
• Capital Projects Update (<i>Doug Morton</i>)	5.7.A.1
• Status of Projects in Planning (<i>Lisa Johnson</i>)	5.7.A.2
• Real Estate Presentation on the Innovation District (<i>Jeff Bandini</i>)	

ADJOURN

✓ Requires full board approval

¹ Materials will be distributed to committee members at the meeting

Buildings and Property Committee

Page 3

**BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY**

Buildings and Property Committee

Meeting Date: November 15, 2018

Minutes

Meeting No. 18-19: 2

Location: Winslow Hall Conference Room

Time: 10:15 – 11:30 a.m.

Committee Members Present:

Mr. Chip Andrews, Chair
Mr. Stan Kelly
Mr. Wendell Murphy
Mr. Dewayne Washington
Mr. Ed Weisiger

Other Board of Trustees Members Present

Mr. John Cabiness
Mr. Jimmy Clark
Mr. Jim Harrell, III
Ms. Susan Ward
Ms. Jess Errico

Present from the University:

Chancellor, Randy Woodson
Mr. Mary Peloquin-Dodd, Interim, Vice Chancellor, Finance and Administration
Ms. P. J. Teal, Secretary of the University and Assistant to the Chancellor
Mr. Jeff Bandini, Associate Vice Chancellor, University Real Estate & Development
Mr. Kevin Howell, Vice Chancellor, External Affairs, Partnerships & Economic Development
Ms. Catherine Phillips, Director of Operations, Analysis & Planning, Office of Finance and Administration
Mr. Doug Morton, Associate Vice Chancellor, Facilities Division
Mr. Michael Fausnight, Associate General Counsel, Office of General Counsel
Ms. Lisa Johnson, University Architect
Mr. Harlan Stafford, Director, University Real Estate & Development
Ms. Melissa Young, Interim, Executive Assistant, to the Associate Vice Chancellor, Facilities Division

CALL TO ORDER

Chair Andrews called the meeting to order at 10:15 a.m.

ROLL CALL

Chair Andrews called the roll. Mr. Washington was not present but arrived shortly after the roll call.

STATE GOVERNMENT ETHICS ACT

Chair Andrews reminded all members of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act. He inquired as to whether there were any known conflicts of interest with respect to any matters coming before the Buildings and Property Committee at this meeting. Mr. Weisiger requested to recuse himself from the disposition by lease to Industrial Heat due to a potential conflict of interest.

MINUTES

Chair Andrews asked whether there were any corrections to the September 20, 2018 meeting minutes. There being none, Chair Andrews declared the minutes approved as drafted.

PROPERTY MATTERS

Chair Andrews asked Mr. Stafford to present three property matters that require committee approval.

- Disposition by easement: Pee Dee Electric has requested the conveyance of an easement to document the installation of an existing electrical service that provides power to the CALS Sandhills Research Station and adjoining properties, located along Pooles Mill Road and Windblow Road, in Jackson Springs, NC. Pee Dee Electric would like to continue the maintenance of the facilities to provide power to the research station and adjoining properties, located in the area. The proposed easement area will be \pm (10 feet x 5,664feet) = 56,640 square feet ~ 1.30 acres.
- Disposition by easement: CenturyLink has requested the conveyance of an easement to document the current existence of a telecommunication switchbox located on Pooles Mill Road, in Jackson Springs, NC, being the CALS Sandhills Research Station. The original easement was granted and recorded, under DB 320-675 in the Montgomery Register of Deeds, which Expired May 16, 2016. CenturyLink would like to continue the maintenance of the facilities to provide telecommunication services to the research station and adjoining properties located in the area. The proposed easement area will be \pm 2,500 square feet ~ .0574 acres. The footprint is unchanged.

- Disposition by easement: The City of Raleigh has requested an easement for the installation of a bus shelter along Hillsborough Street, adjacent to DH Hill Library in Raleigh, NC. The conveyance will involve 65.41 square feet as a Permanent Transit Easement and 64.75 square feet as a Temporary Construction Easement. The proposed easement area will total \pm 130.16 square feet \sim .0030 acres.

Chair Andrews called for a motion and a second to recommend acceptance as outlined. Mr. Kelly made the motion, which Mr. Murphy seconded. Chair Andrews asked if there was any further discussion on the motion. There being none, he called for a vote. He announced the motion passed.

Chair Andrews asked Mr. Stafford to present three property matters that require full board committee approval. A motion to approve these items will be needed.

- ✓ Disposition by Lease: To Mann + Hummel for \pm 8,000 rental square feet at Partners I on Centennial Campus. Disposition is recommended for continued partnership with the University and contribution to the Innovation Ecosystem on Centennial Campus.
- ✓ Disposition by Lease: To Industrial Heat for \pm 9,000 rental square feet of office and high-bay space at Research IV on Centennial Campus. Disposition is recommended for partnership with the University and Contribution to the Innovation Ecosystem on Centennial Campus.
- ✓ Acquisition by Lease: For North Carolina State University, College of Education, Department of Educational Leadership, Policy and Human Development, of office and conference space to accommodate growth in staff and research as a result of continued funding of the Envisioning Excellence for Community College Leadership Grant, which is funded by the John M. Belk Endowment. Strategically located, off campus, space will be used to continue the mission of the Grant to develop a leadership pipeline of future community college leaders and reorient current community college leaders around the student success agenda.

Chair Andrews called for a motion and a second to recommend acceptance as outlined. Mr. Kelly made the motion, which Mr. Murphy seconded. Chair Andrews asked if there was any further discussion on the motion. There being none, he called for a vote. He announced the motion passed.

CENTENNIAL CAMPUS DEVELOPMENT OVERVIEW

Chancellor Woodson provided an overview of the development on Centennial Campus, highlighting growing partnerships with corporations and other external entities, and citing goals

to enhance faculty research and student entrepreneurship opportunities. Chancellor Woodson opened the floor to Mr. Bandini who provided an overview of plans for the Centennial Campus Innovation District, a multi-phased approach to developing 32 acres on Centennial Campus.

DESIGNER SELECTIONS

Chair Andrews called for a motion and a second to recommend approval of the designer selections as outlined by Mr. Morton. Mr. Weisiger made the motion, which Mr. Kelly seconded. Chair Andrews asked if there was any further discussion on the motion. There being none, he called for a vote. He announced the motion passed.

ACCEPTANCE OF COMPLETED BUILDINGS AND PROJECTS

Chair Andrews asked Mr. Morton to present the completed buildings and projects for acceptance. Mr. Morton requested acceptance of seven completed projects listed with a combined value of \$2,467,108, which included the Daniels Roof Replacement, and the Carter-Finley South End Video Board Replacement.

Chair Andrews called for a motion and a second to recommend acceptance as outlined by Mr. Morton. Mr. Murphy made the motion, which Mr. Weisiger seconded. Chair Andrews asked if there was any further discussion on the motion. There being none, he called for a vote. He announced the motion passed.

SITE AND PLAN APPROVAL

Chair Andrews asked Ms. Johnson to present the site and plan approval for the Alpha Delta Pi House located on South Campus. Ms. Johnson presented the Alpha Delta Pi sorority house as a three story structure with at-grade entrances on the lowest two levels. The house is a traditional style architecture with a two-level wrap-around entry porch. The house includes 21 beds, a facilities director's suite, residents den, study lounge, parlor, living room, executive office/conference room, commercial kitchen, and multi-purpose dining/meeting room. The gross square footage of the house is 20,625 GSF.

Chair Andrews called for a motion and a second to recommend the site and plan approval for the Alpha Delta Pi House as outlined by Ms. Johnson. Mr. Weisiger made the motion, which Mr. Murphy seconded. Chair Andrews asked if there was any further discussion on the motion. There being none, he called for a vote. The motion passed.

Chair Andrews asked Ms. Johnson to present the site and plan approval for the Lake Wheeler Creamery Café located on the Lake Wheeler Campus. Ms. Johnson stated the creamery café and education center will be a 2,325 SF facility. The single level wood frame building will blend with the existing agrarian-style architecture at Lake Wheeler and will provide a commercial outlet to the Dairy Enterprise Department for selling Howling Cow ice cream.

Chair Andrews called for a motion and a second to recommend site and plan approval for the Lake Wheeler Creamery Cafe as outlined by Ms. Johnson. Mr. Kelly made the motion, which Mr. Murphy seconded. Chair Andrews asked if there was any further discussion on the motion. There being none, he called for a vote. The motion passed.

APPROVAL OF PLANS AND SPECS OF FORMAL PROJECTS LESS THAN \$2 MILLION

Plans and Specifications of Formal Projects less than \$2 million. Ms. Johnson requested acceptance of ten projects listed with a combined value of \$5.3 million, which included Talley Student Center Rigging Replacement, Price Music Hall HVAC Renovations and Centennial Campus Exterior Lighting LED Conversion.

Chair Andrews called for a motion and a second to recommend approval of the Plans and Specifications of Formal Projects less than \$2 million as outlined by Ms. Johnson. Mr. Kelly made the motion, which Mr. Weisiger seconded. Chair Andrews asked if there was any further discussion on the motion. There being none, he called for a vote. The motion passed.

INFORMATIONAL REPORTS

Chair Andrews recognized Mr. Morton to present the update for Capital Projects. Morton noted that the update is to provide committee members information on projects in design, construction and those recently completed. Mr. Morton called out the Plant Sciences, The Memorial Belltower, Reedy Creek Equine Farm, and Fitts-Woolard Hall (EB Oval) projects, providing a brief status of each.

Andrews recognized Ms. Johnson to provide an update on projects in planning. Ms. Johnson presented the update. She noted that the committee would be reviewing the Academic Success Center in DH Hill Library and the Memorial Belltower Renovation at the February meeting.

There being no additional business, the meeting adjourned at 11:30 a.m.

Respectfully submitted,

D. G. Morton
Secretary to the Committee

cc: Mary Peloquin-Dodd, Interim, Vice Chancellor, Finance & Administration
P.J. Teal, Assistant Secretary of the Trustees

Approved: _____
Committee Chair Date

**ACQUISITION
OF REAL PROPERTY
EASEMENT**

GRANTOR Small & Small, LLC

GRANTEE The State of North Carolina

LOCATION G. Milton Small Office Building, 105 Brooks Ave., Raleigh, NC 27607

SIZE +/- 750 sf. (10' x 75') of real property.

RATE Benefit

TERM Perpetual

USE Acquisition by Easement. The State of North Carolina on behalf of NC State University is requesting an easement from Small & Small, LLC for the installation of telecom services to the G. Milton Small Office Building located at 105 Brooks Ave. in Raleigh, NC. The NC State University's Poole College of Management is leasing this location for approximately seven (7) years to house their department. The proposed easement area will total +/- (10 ft. x 75 ft.) = 750 sf. ~ .0172 ac.

Form PO-1

Original and one copy to
to State Property Office

**STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION
RALEIGH**

*** ACQUISITION OF REAL PROPERTY****Institution or Agency:** North Carolina State University**Date:** February 21, 2019

The Department of Administration is requested, as provided by GS 146-22 et seq. to acquire the real property herein described by (~~purchase~~), (~~lease~~), (~~rental~~), or (~~other specify~~): Utility Easement

This Property is needed for the following reasons and purposes:

Acquisition by easement. The State of North Carolina on behalf of NC State University is requesting an easement from Small & Small, LLC for the installation of telecom services to the G. Milton Small Office Building located at 105 Brooks Ave. in Raleigh, NC. The NC State University's Poole College of Management is leasing this location for approximately seven (7) years to house their department. The proposed easement area will total +/- (10 ft. x 75 ft.) = 750 sf. ~ .0172 ac.

Name and Address of Present Owner:

Small & Small, LLC
G. Milton Small Office Building
105 Brooks Ave.
Raleigh, NC

Description of Property: (attach additional sheets if necessary).

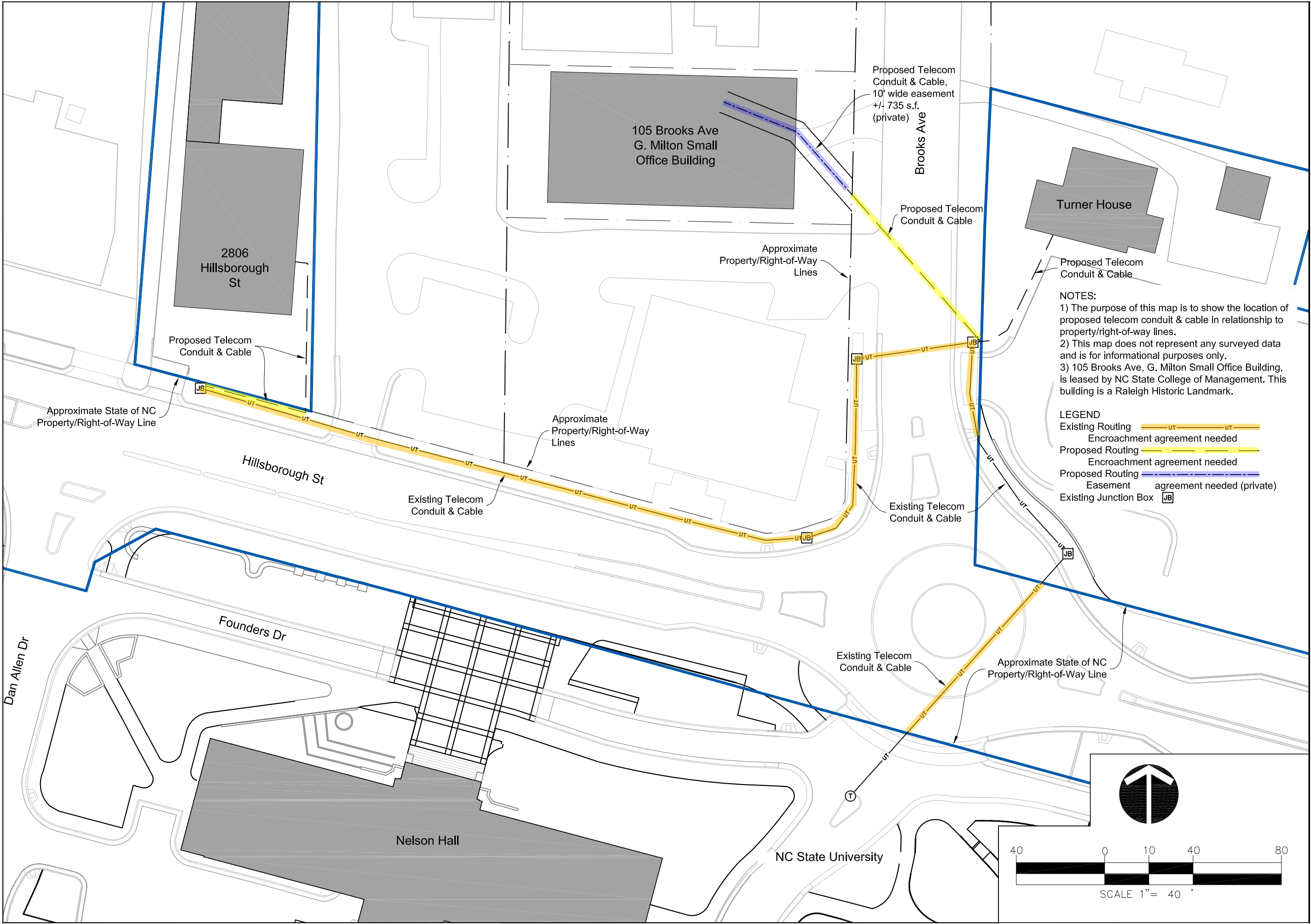
The subject property is located at 105 Brooks Ave. in Raleigh, NC, along the western existing right of way. The easement will run in a north westerly direction from the western existing right of way for a distance of +/- 750 ft. to its point of terminus.

Term: Perpetual Easement**Rental price (if applicable):** N/A**Funding:** ComTech is the funding source.**Item:** Account No. 375953**Other:** N/A

In the event the above described real property is not acquired, is there other real property available, owned by the State or otherwise, that you believe would, if acquired, fulfill the requirement of your agency? If so, give details. No.

Action recommending this transaction was taken by the Building and Property Committee of the Board of Trustees at its meeting held on _____, 2018.

Signature _____
Chancellor



DATE: 10-29-2018	DESIGNER: HEH	DNBY: HEH	CKBY: LDS	DWG: _____
------------------	---------------	-----------	-----------	------------

Exhibit Map of

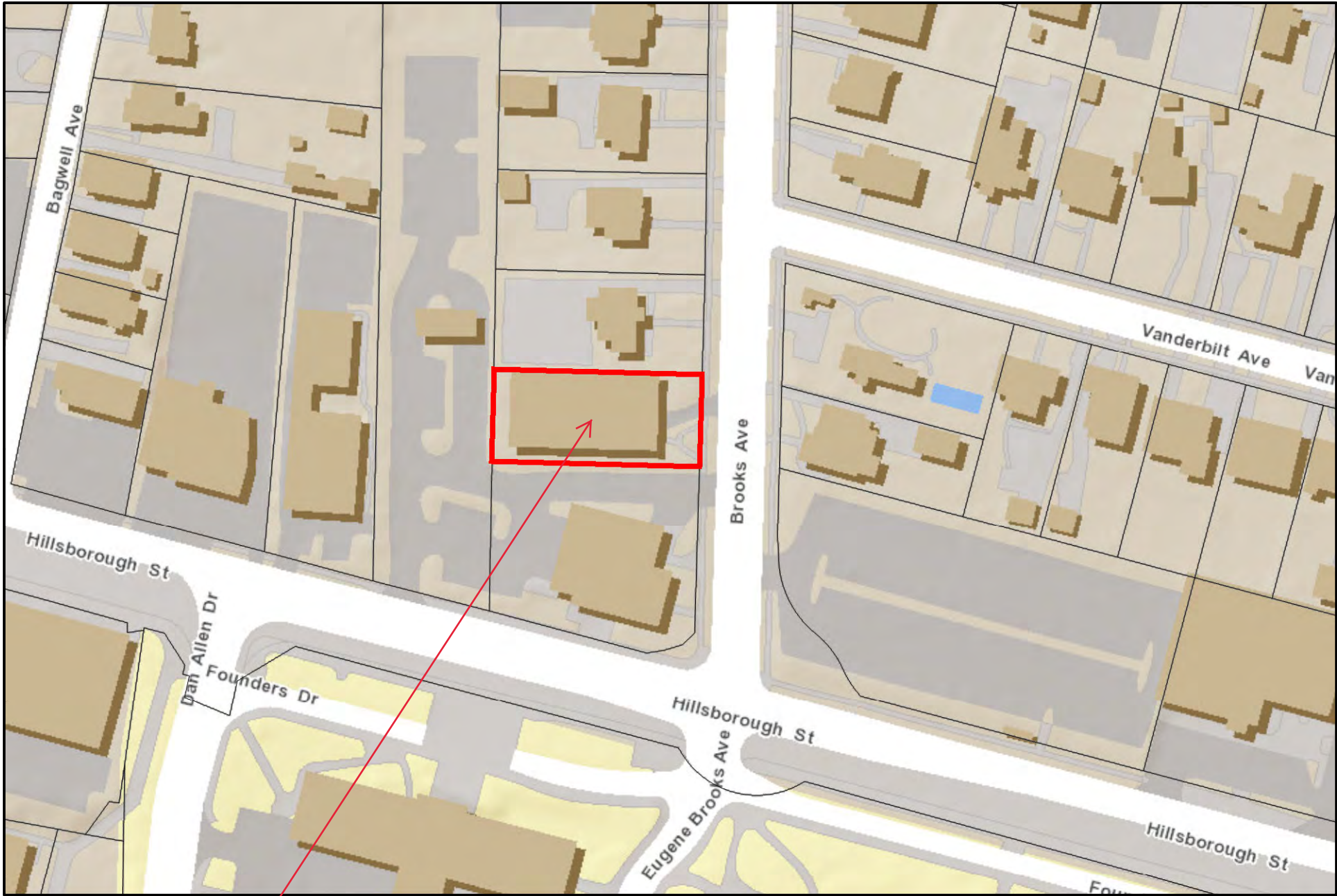
Proposed Telecom Routing

North Carolina State University

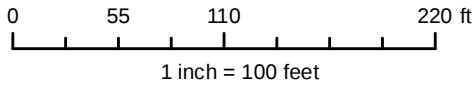
Raleigh, NC

NOTES:
1) The purpose of this map is to show the location of proposed telecom conduit & cable in relationship to property/right-of-way lines.
2) This map does not represent any surveyed data and is for informational purposes only.
3) 105 Brooks Ave, G. Milton Small Office Building, is leased by NC State College of Management. This building is a Raleigh Historic Landmark.

- LEGEND
- | | |
|-------------------------------|----|
| Existing Routing | UT |
| Encroachment agreement needed | UT |
| Proposed Routing | UT |
| Encroachment agreement needed | UT |
| Proposed Routing | UT |
| Easement | UT |
| agreement needed (private) | UT |
| Existing Junction Box | JB |



Vicinity Map - 105 Brooks Ave.



Disclaimer
iMaps makes every effort to produce and publish the most current and accurate information possible. However, the maps are produced for information purposes, and are **NOT** surveys. No warranties, expressed or implied, are provided for the data therein, its use, or its interpretation.

**DISPOSITION
OF REAL PROPERTY
EASEMENT**

GRANTOR The State of North Carolina

GRANTEE Spectrum Enterprise

LOCATION 3908 Inwood Rd. Raleigh, NC

SIZE +/- 7,500 sf ~ .1722 ac. of real property.

RATE Benefit

TERM Perpetual Utility Easement

USE Disposition by easement. The United States Department of Agriculture Research Service has a ground lease at 3908 Inwood Rd. in Raleigh, NC. They have requested an upgrade to their cable service through Spectrum Enterprise. The proposed easement area will total +/- 7,500 sf ~ .1722 ac.

Form-PO 2
Original and one copy to
to State Property Office

STATE OF NORTH CAROLINA
Department of Administration
***DISPOSITION OF REAL PROPERTY**

Institution or Agency: State of North Carolina

Date: February 21, 2019

The Department of Administration is requested, as provided by GS 146-28 to dispose of the real property herein described by ~~(sale)~~, ~~(lease)~~, ~~(rental)~~, or (other specify): Utility Easement

The disposition is recommended for the following reasons:

Disposition by easement. The United States Department of Agriculture Research Service has a ground lease at 3908 Inwood Rd. in Raleigh, NC. They have requested an upgrade to their cable service through Spectrum Enterprise. The proposed easement area will total +/- 7,500 sf ~ .1722 ac.

Description of Property:

The property is located at 3908 Inwood Rd. in Raleigh, NC. The proposed easement will be +/- 750 feet long and 10 feet wide. The total easement area will comprise +/- 7,500 sf. ~ .1722 acres.

Term: Perpetual

Estimated value: \$11,313.39 (Benefit)

Where deed is filed, if known: Wake County Register of Deeds.

If deed is in the name of agency other than applicant, state the name. N/A

Rental income, if applicable, and suggested terms: N/A

Funds from the disposal of this property are recommended for the following use. N/A

Action recommending this transaction was taken by the Building and Property Committee of the Board of Trustees at its meeting held on _____, 2018.

Signature _____
Chancellor

*The term "real property" includes timber rights, mineral rights, etc. (GS 146-64)

CHARTER COMMUNICATIONS CONSTRUCTION SURVEY

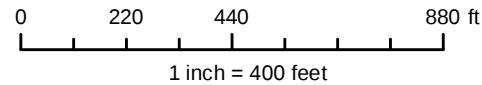
Google Earth Map

Detail from Right Of Way to Interior MPOE/demarc in or at the premises.

ROUTE MAP - SCOPE OF WORK - 3908 INWOOD ROAD, RALEIGH, NC



Vicinity Map - 3908 Inwood Rd.



Disclaimer
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**DISPOSITION
OF REAL PROPERTY
EASEMENT**

GRANTOR The State of North Carolina

GRANTEE PSNC Energy

LOCATION 2410 Campus Shore Dr., Raleigh, NC 27606

SIZE +/- 325 sf ~ .0075 ac. of real property.

RATE Benefit

TERM Perpetual Utility Easement

USE Disposition by easement. The Public Service Company of North Carolina has requested the conveyance of an easement to relocate a gas regulatory station and meter adjacent to the Monteith Engineering Research Center 2410 Campus Shore Dr. in Raleigh, NC, located on Centennial Campus. The proposed relocation is in connection with the Centennial Campus Thermals Relocation Project. The proposed easement area will be +/- (10 ft. x 32.50 ft.) = 325 sf ~ .0075 ac.

Form-PO 2
Original and one copy to
to State Property Office

STATE OF NORTH CAROLINA
Department of Administration
***DISPOSITION OF REAL PROPERTY**

Institution or Agency: State of North Carolina

Date: February 21, 2019

The Department of Administration is requested, as provided by GS 146-28 to dispose of the real property herein described by ~~(sale)~~, ~~(lease)~~, ~~(rental)~~, or (other specify): Utility Easement

The disposition is recommended for the following reasons:

Disposition by easement. The Public Service Company of North Carolina has requested the conveyance of an easement to relocate a gas regulatory station and meter adjacent to the Monteith Engineering Research Center 2410 Campus Shore Dr. in Raleigh, NC, located on Centennial Campus. The proposed relocation is in connection with the Centennial Campus Thermals Relocation Project. The proposed easement area will be +/- (10 ft. x 32.50 ft.) = 325 sf ~ .0075 ac.

Description of Property:

The property is located adjacent to the Monteith Engineering Research Center 2410 Campus Shore Dr. in Raleigh, NC on Centennial Campus.

Term: Perpetual

Estimated value: \$1,333.15 (Benefit)

Where deed is filed, if known: Wake County Register of Deeds.

If deed is in the name of agency other than applicant, state the name. N/A

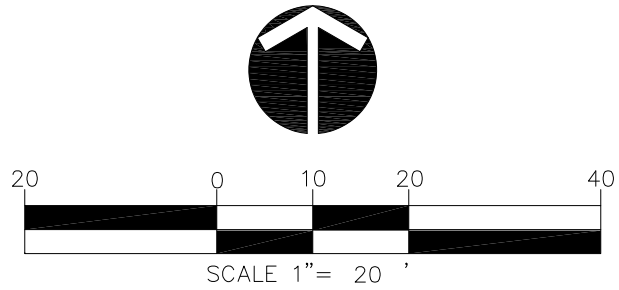
Rental income, if applicable, and suggested terms: N/A

Funds from the disposal of this property are recommended for the following use. N/A

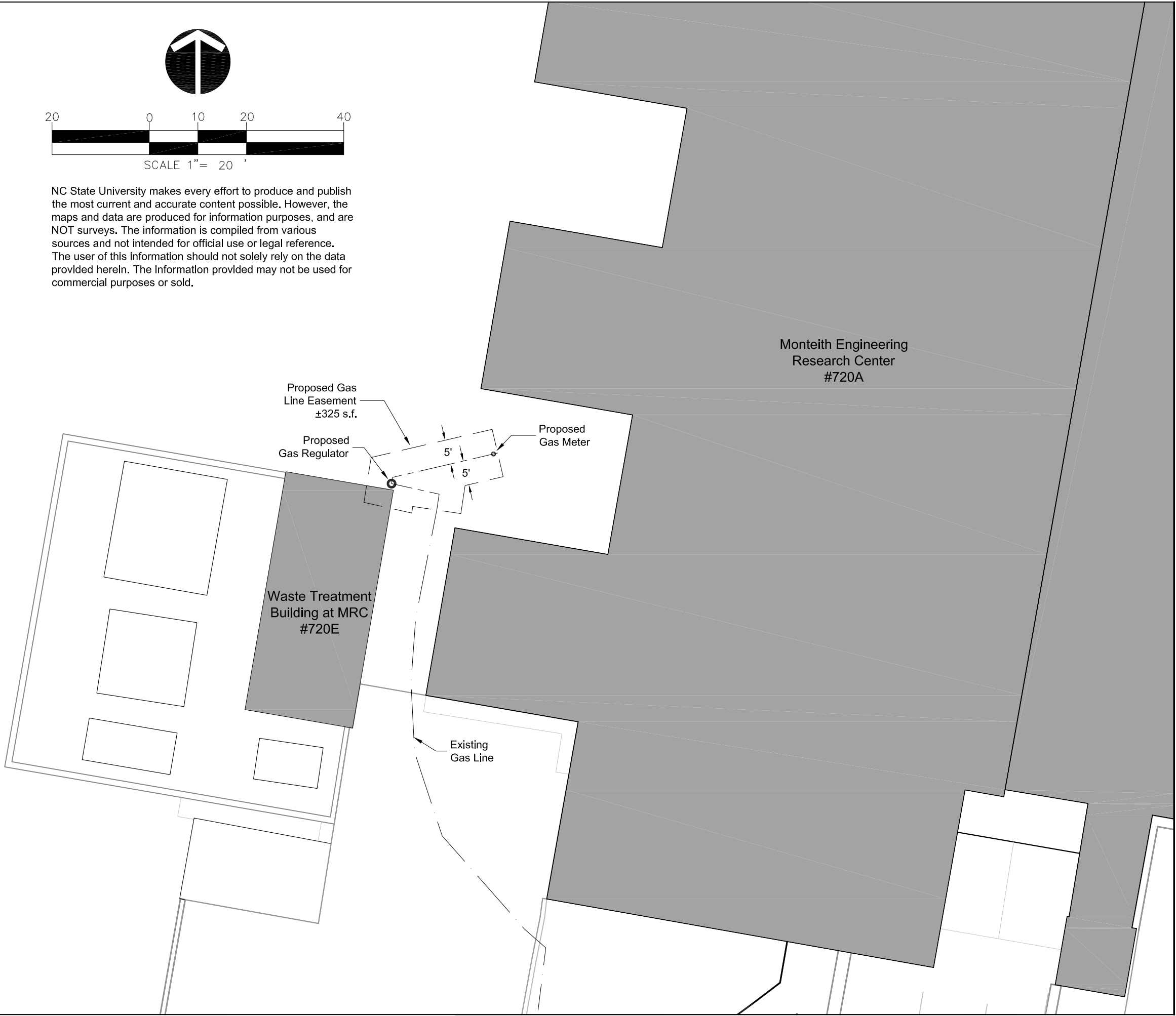
Action recommending this transaction was taken by the Building and Property Committee of the Board of Trustees at its meeting held on _____, 2018.

Signature _____
Chancellor

*The term "real property" includes timber rights, mineral rights, etc. (GS 146-64)



NC State University makes every effort to produce and publish the most current and accurate content possible. However, the maps and data are produced for information purposes, and are NOT surveys. The information is compiled from various sources and not intended for official use or legal reference. The user of this information should not solely rely on the data provided herein. The information provided may not be used for commercial purposes or sold.



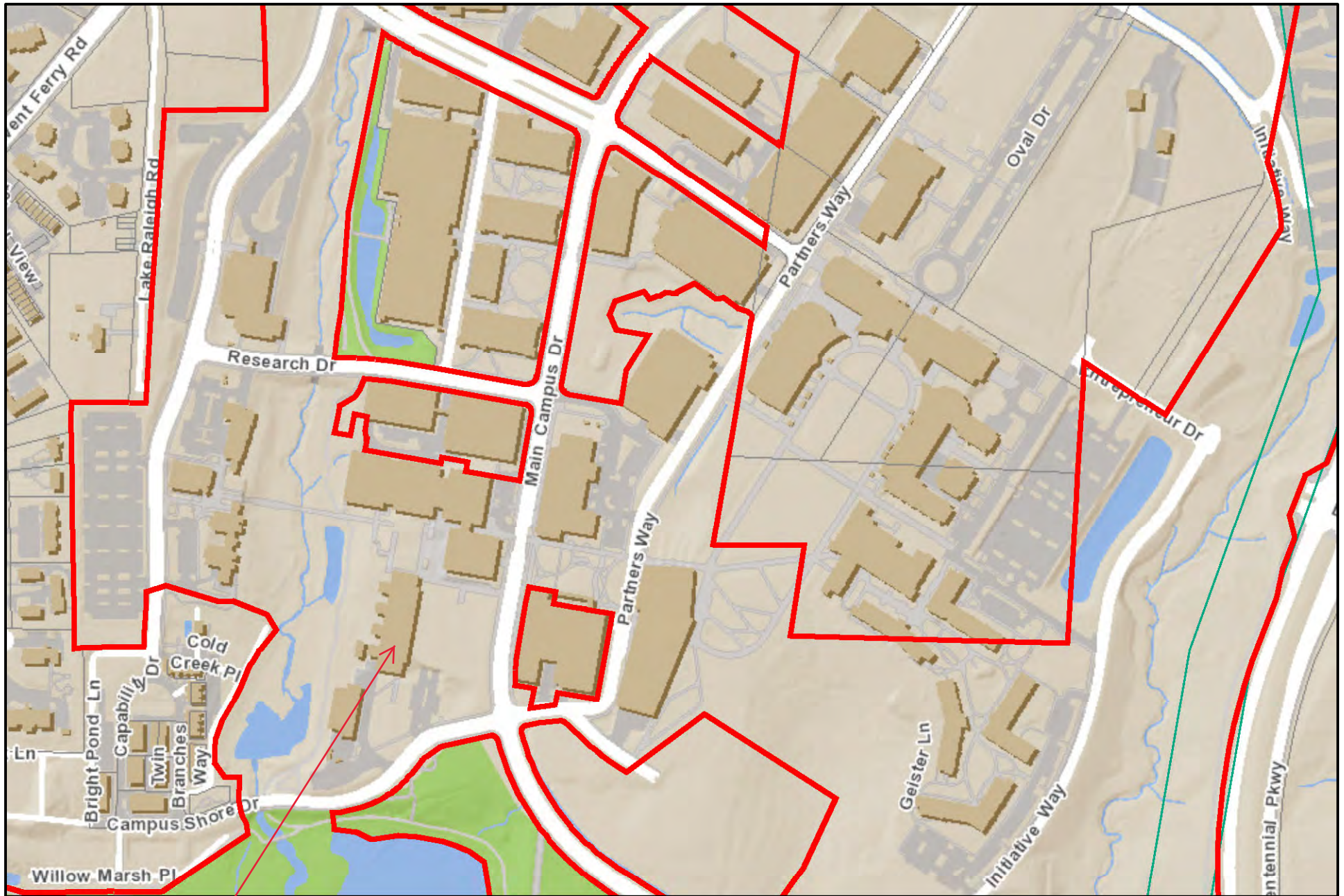
DATE: 1-14-2019	DESIGN: PSNC	DRAWN: HEH	CHECKED:	DWG: Exhibit.dwg
-----------------	--------------	------------	----------	------------------

Exhibit Map

Proposed PSNC Gas Line

North Carolina State University

Raleigh, NC



Vicinity Map - MRC Bldg. 2410 Campus Shore Dr.



0 220 440 880 ft
1 inch = 400 feet

Disclaimer

iMaps makes every effort to produce and publish the most current and accurate information possible. However, the maps are produced for information purposes, and are **NOT** surveys. No warranties, expressed or implied, are provided for the data therein, its use, or its interpretation.

**DISPOSITION
OF REAL PROPERTY**

EASEMENT

GRANTOR The State of North Carolina

GRANTEE City of Raleigh

LOCATION Hillsborough St, Raleigh, NC

SIZE +/- 323.66 ~ .00743 ac. of real property.

RATE Benefit

TERM Perpetual Transit Easement

USE Disposition by easement. The City of Raleigh has requested an easement for the installation of a bus shelter along the southern existing right of way of Hillsborough St., adjacent to Scott Hall in Raleigh, NC. The conveyance will involve 217.87 sf. as a Permanent Transit Easement and 105.79 sf. as a Temporary Construction Easement. The proposed easement area will total +/- 323.66 sf ~ .00743 ac.

Form-PO 2
Original and one copy to
to State Property Office

STATE OF NORTH CAROLINA
Department of Administration
***DISPOSITION OF REAL PROPERTY**

Institution or Agency: State of North Carolina

Date: February 21, 2019

The Department of Administration is requested, as provided by GS 146-28 to dispose of the real property herein described by ~~(sale)~~, ~~(lease)~~, ~~(rental)~~, or (other specify): Transit Easement

The disposition is recommended for the following reasons:

This is a disposition by easement. The City of Raleigh has requested an easement for the installation of a bus shelter along the southern exiting right of way of Hillsborough St, adjacent to Scott Hall in Raleigh, NC. The conveyance will involve 217.87 sf. as a Permanent Transit Easement and 105.79 sf. as a Temporary Construction Easement. The proposed easement area will total +/- 323.66 sf ~ .00743 ac.

Description of Property:

The bus shelter will be located on the southern side of Hillsborough St., approximately 140 ft. west of the intersection of Gardner St. and Hillsborough St. The total easement area will comprise +/- 323.66 sf. ~ 0.00743 acres.

Term: Perpetual

Estimated value: \$3,398.43 (Benefit)

Where deed is filed, if known: Wake County Register of Deeds.

If deed is in the name of agency other than applicant, state the name. N/A

Rental income, if applicable, and suggested terms: N/A

Funds from the disposal of this property are recommended for the following use. N/A

Action recommending this transaction was taken by the Building and Property Committee of the Board of Trustees at its meeting held on _____, 2019.

Signature _____
Chancellor

*The term "real property" includes timber rights, mineral rights, etc. (GS 146-64)

NOTES:

- 1) NO TITLE OPINION FURNISHED.
- 2) AREAS COMPUTED BY COORDINATE METHOD.
- 3) PROPERTY SHOWN HEREON IS SUBJECT TO ALL RIGHTS-OF-WAY, EASEMENTS AND RESTRICTIONS OF RECORD.
- 4) ALL DISTANCES SHOWN ON SURVEY ARE HORIZONTAL GROUND DISTANCES UNLESS OTHERWISE NOTED.
- 5) THIS SURVEY DOES NOT REPRESENT A BOUNDARY SURVEY OR TITLE SEARCH BY THIS FIRM.
- 6. THE POSITIONAL ACCURACY IS 0.04'; THE NC NETWORK REALTIME KINEMATIC SYSTEM (NCVRS), AS UTILIZED FOR THIS TYPE CLASS A SURVEY ON MARCH 15, 2018 BASED ON NC GRID NAD83 (2011) 800 EPOCHS; THE GEOID MODEL USED WAS NC GEOID 2012 CONUS; THAT THE COMBINED FACTOR IS 0.99990198 BASED ON THE US SURVEY FOOT.



VICINITY MAP
(NOT TO SCALE)

I, THOMAS E. TEABO, PROFESSIONAL LAND SURVEYOR NO. L-3920, HEREBY CERTIFY THAT THIS SURVEY IS OF ANOTHER CATEGORY, SUCH AS A RECOMBINATION OF EXISTING PARCELS, A COURT ORDERED SURVEY, OR OTHER EXCEPTION TO THE DEFINITION OF SUBDIVISION.

Thomas E. Teabo
L - 3920
REGISTRATION NUMBER SURVEYOR

REFERENCES
DB. 171, PG. 305



CONTROL POINT
NAIL SET
N: 742200.75
E: 2097249.74
ELEV. = 415.55

THIS MAP IS NOT A CERTIFIED SURVEY AND HAS NOT BEEN REVIEWED BY A LOCAL GOVERNMENT AGENCY FOR COMPLIANCE WITH ANY APPLICABLE LAND DEVELOPMENT REGULATIONS

CONTROL POINT
NAIL SET
N: 742098.06
E: 2097516.48
ELEV. = 408.34

LINE TABLE		
L1	S15°06'18"W	11.51'
L2	N75°20'43"W	28.00'
L3	N15°06'18"E	11.62'
L4	S75°06'42"E	2.00'
L5	S15°06'18"W	9.86'
L6	S74°52'07"E	22.00'
L7	N15°06'18"E	9.95'
L8	S75°06'42"E	4.00'
L9	S75°06'42"E	22.00'

HILLSBOROUGH STREET
RIGHT-OF-WAY LINE
PER EXHIBIT BY
CITY OF RALEIGH AND
NC STATE UNIVERSITY

EXISTING
HILLSBOROUGH ST.
(80' RIGHT-OF-WAY)
(BM 1987, PG 1310)

PERMANENT TRANSIT
EASEMENT
AREA = 217.87 SF
OR 0.005 ACRES

N/F
STATE OF NORTH
CAROLINA
PIN: 0794507874
DB 171, PG 305

TEMPORARY
CONSTRUCTION
EASEMENT
AREA = 105.79 SF
OR 0.002 ACRES



REVISED 01/08/19 - REVISED TIE LINE
REVISED 01/15/19 - REVISED DEED REFERENCE

I, THOMAS E. TEABO, PLS, HEREBY CERTIFY THAT THIS PLAT WAS DRAWN UNDER MY SUPERVISION FROM AN ACTUAL SURVEY MADE UNDER MY SUPERVISION; THAT THE BOUNDARIES NOT SURVEYED ARE CLEARLY INDICATED AS DASHED LINES; THAT THE RATIO OF PRECISION AS CALCULATED IS 1:10,000+; THAT THIS PLAT WAS PREPARED IN ACCORDANCE WITH G.S. 47-30 AS AMENDED. WITNESS MY ORIGINAL SIGNATURE, REGISTRATION NUMBER AND SEAL THIS 26TH DAY OF SEPTEMBER, A.D. 2018.

Thomas E. Teabo

L - 3920
REGISTRATION NUMBER SURVEYOR

EASEMENT EXHIBIT

PROPERTY OF: STATE OF NORTH CAROLINA

D.B. 171, PG. 305 PIN: 0794-50-7874

RALEIGH TOWNSHIP WAKE COUNTY NORTH CAROLINA



BOHLER
ENGINEERING NC, PLLC

4130 PARKLAKE AVENUE
SUITE 130
RALEIGH, NORTH CAROLINA 27612
919.578.9000 - 919.703.2665 FAX
www.bohlerengineering.com

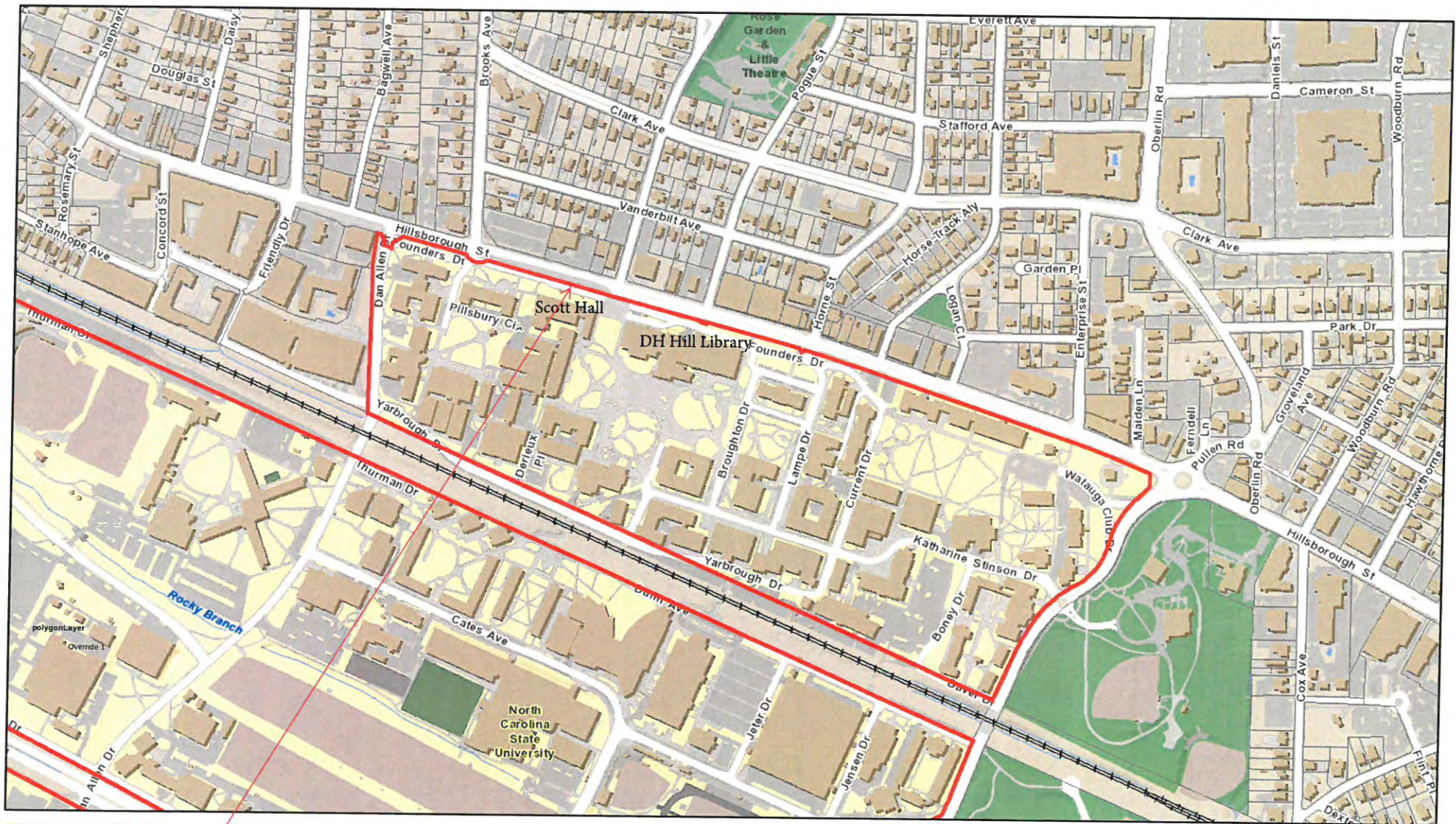
NCBELS: P-1132

DATE OF
SURVEY: MARCH 15, 2018

DRAFTED: BPS

DATE: SEPTEMBER 26, 2018

CHECKED: TET



Vicinity Map - COR Bus Shelter at Scott Hall



0 225 450 900 ft
1 inch = 400 feet

Disclaimer
Maps makes every effort to produce and publish the most current and accurate information possible. However, the maps are produced for information purposes, and are **NOT** surveys. No warranties, expressed or implied, are provided for the data therein, its use, or its interpretation.

**ACQUISITION
OF REAL PROPERTY
LICENSE**

GRANTOR North Carolina Railroad Company

GRANTEE The State of North Carolina

LOCATION NC State University Campus

SIZE +/- .0250 ac. of real property.

RATE Benefit

TERM Perpetual

USE Acquisition by license. The State of North Carolina on behalf of NC State University is requesting a perpetual license from Norfolk Southern Railway Company to install, maintain, and operate storm water facilities under, along and across the railroad right of way at or near Dan Allen Drive, in Raleigh, Wake County, North Carolina. The proposed project is part of a joint utility project with the City of Raleigh and Landmark Properties, Inc. for installation of storm and sanitary sewer lines along Dan Allen Drive.

Form PO-1

Original and one copy to
to State Property Office

**STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION
RALEIGH**

*** ACQUISITION OF REAL PROPERTY****Institution or Agency:** North Carolina State University**Date:** February 21, 2019

The Department of Administration is requested, as provided by GS 146-22 et seq. to acquire the real property herein described by (purchase), (lease), (rental), or (other-specify): License

This Property is needed for the following reasons and purposes:

Acquisition by license. The State of North Carolina on behalf of NC State University is requesting a perpetual license from Norfolk Southern Railway Company to install, maintain, and operate storm water facilities under, along and across the railroad right of way at or near Dan Allen Drive, in Raleigh, Wake County, North Carolina. The proposed project is part of a joint utility project with the City of Raleigh and Landmark Properties, Inc. for installation of storm and sanitary sewer lines along Dan Allen Drive.

Name and Address of Present Owner:

North Carolina Railroad Company
2809 Highwoods Blvd.
Raleigh, NC 27604

Description of Property: (attach additional sheets if necessary).

The subject property is located on NC State University campus, being within the 200' existing right of way for the North Carolina Railroad Company. The encroachment will contain +/- .0250 ac., being approximately 120' westerly of Dan Allen Dr.

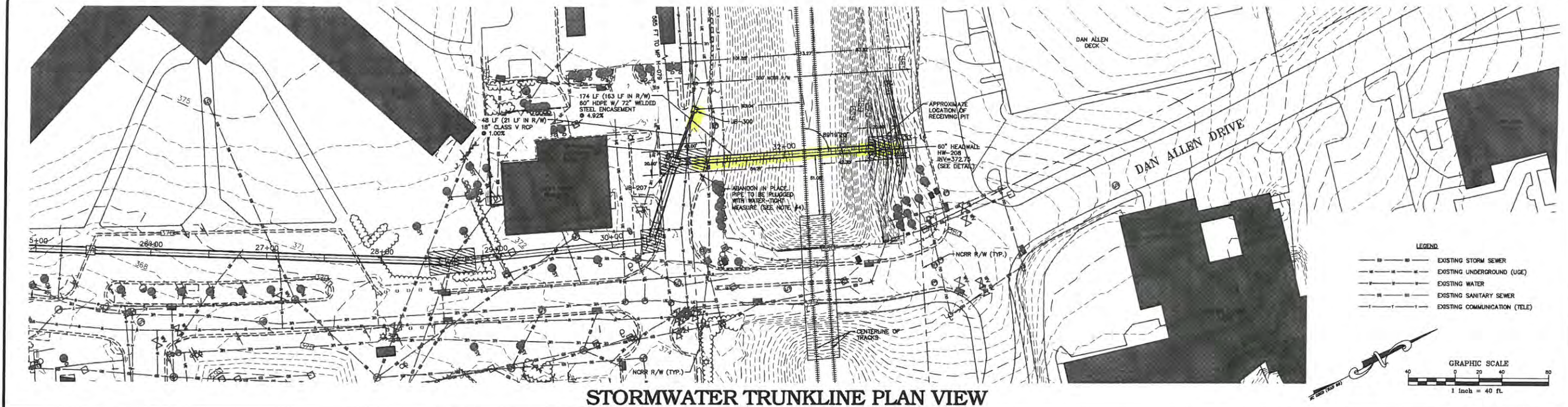
Term: Perpetual Easement**Rental price (if applicable):** N/A**Funding:****Item:** **Other:** N/A

In the event the above described real property is not acquired, is there other real property available, owned by the State or otherwise, that you believe would, if acquired, fulfill the requirement of your agency? If so, give details. No.

Action recommending this transaction was taken by the Building and Property Committee of the Board of Trustees at its meeting held on _____, 2019.

Signature _____
Chancellor

* The term "real property" includes timber rights, mineral rights, etc. (GS 146-64)

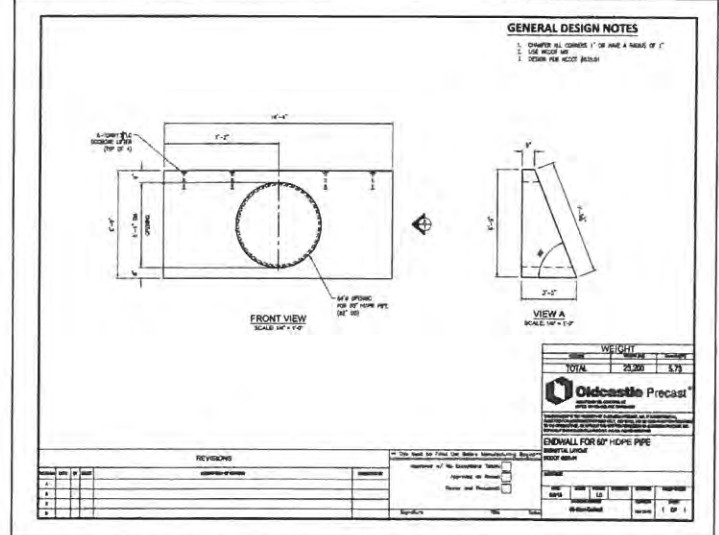
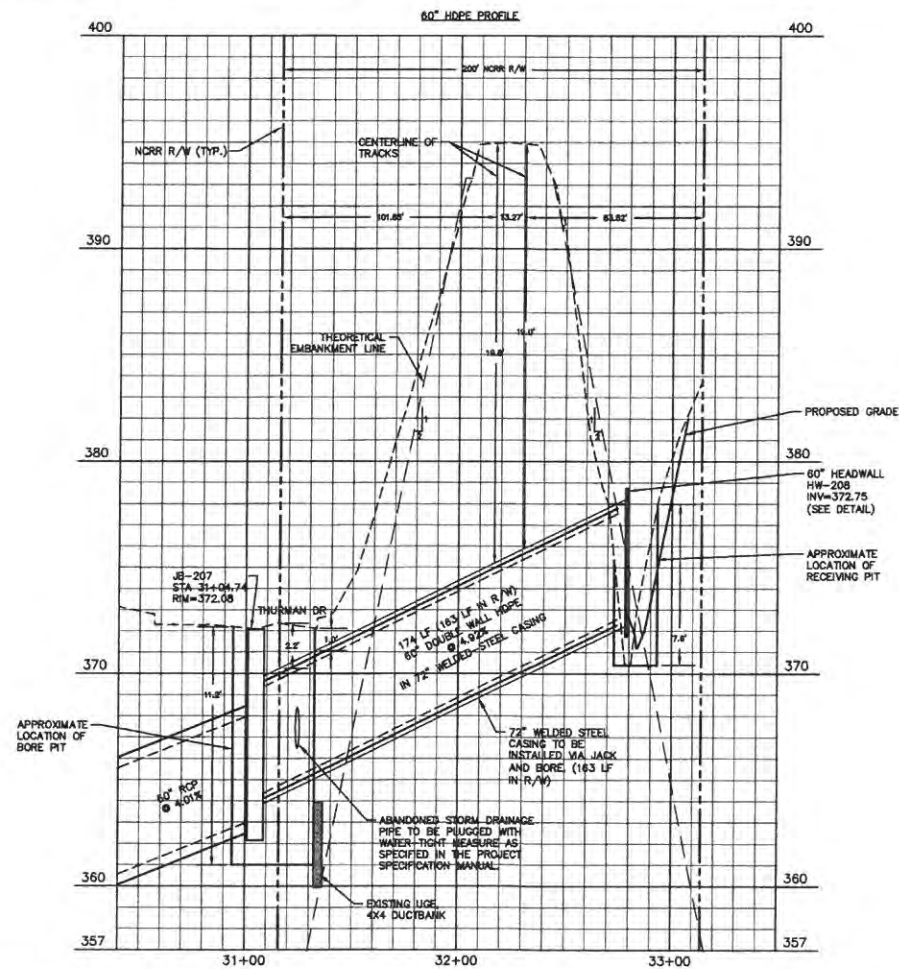
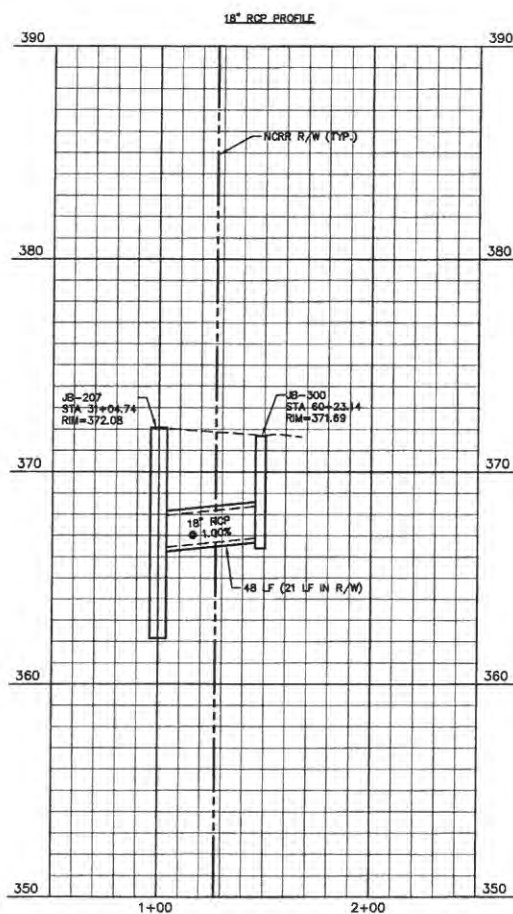
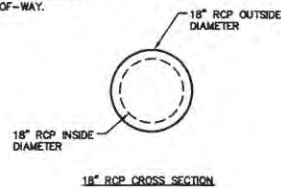


STORMWATER TRUNKLINE PLAN VIEW

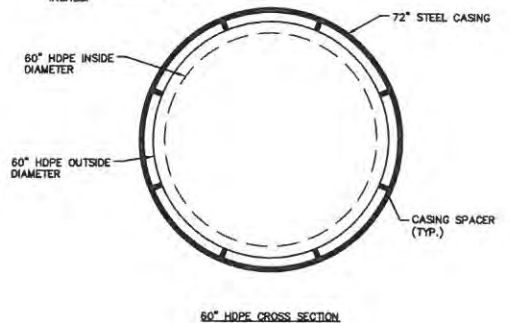
RIGHT-OF-WAY CONSTRUCTION NOTES:

- ALL WORK ON NCRR RIGHT OF WAY TO BE PERFORMED IN ACCORDANCE WITH NCR 102 "SPECIFICATIONS FOR PIPELINE OCCUPANCY OF NORTH CAROLINA RAILROAD COMPANY PROPERTY" AND NCR 103 "SPECIFIC REQUIREMENTS OF NORTH CAROLINA RAILROAD COMPANY FOR WORK ON ITS RIGHT OF WAY".
- CASING PIPE LOCATED IN NCRR RIGHT OF WAY AND UNDER TRACKS SHALL BE INSTALLED VIA JACK AND BORE METHOD IN ACCORDANCE WITH NCR AND CSX (PIPELINE OCCUPANCY P. 24) SPECIFICATIONS.
- STEEL SHEET PILING TO BE USED IN ACCORDANCE WITH NCR 102 SECTION 5.9.1 FOR AREAS WITHIN THE THEORETICAL EMBANKMENT LINE DURING CONSTRUCTION.
- ALL PIPES TO BE ABANDONED IN PLACE WITHIN THE NCRR R/W SHALL BE ABANDONED IN PLACE IN ACCORDANCE WITH NCR 102 SECTION 2.6.
- ALL STORM DRAINAGE PIPE SHALL CONFORM WITH CONDITIONS AS SHOWN IN THE SPECIFICATION MANUAL SIZE, TYPE AND LOCATION AS SHOWN ON CONSTRUCTION DRAWINGS.
- THE STRUCTURAL DESIGN FOR THE CONCRETE HEADWALL (HW-208) SHALL BE IN ACCORDANCE WITH THE DETAIL PROVIDED ON THIS SHEET. PRIOR TO ORDERING THE STRUCTURE, THE CONTRACTOR SHALL PROVIDE, TO THE DESIGN ENGINEER FOR REVIEW, SHOP DRAWINGS AND SUPPORTING STRUCTURAL CALCULATIONS SEALED BY A P.E. REGISTERED IN NORTH CAROLINA DEMONSTRATING THE PERTINENT VERTICAL AND HORIZONTAL LOADS ARE SUPPORTED BY THE CONCRETE HEADWALL.
- THE CONTRACTOR SHALL BE RESPONSIBLE FOR ANY APPLICABLE SHORING AND LAUNCH/RECEIVING PIT DESIGN. ALL PIT DESIGNS SHALL BE SEALED BY A P.E. REGISTERED IN NORTH CAROLINA. DIMENSIONS AND LAYOUT OF THE PIT SHALL BE SUBMITTED TO THE DESIGN ENGINEER AND RAILROAD FOR APPROVAL PRIOR TO BEGINNING WORK. THE DESIGN SHALL INCLUDE MEANS TO PROTECT, SUPPORT, OR REMOVE/REPLACE/RELOCATE UTILITIES AS REQUIRED.
- RIGHT OF WAY LINES ARE FROM ONLINE GIS TAX MAPS. MCADAMS MAKES NO WARRANTY THAT THE DIMENSIONS SHOWN ARE EXACT.
- BORE AND JACK PIT DIMENSIONS ARE APPROXIMATE AND MAY VARY DURING CONSTRUCTION DEPENDING ON FIELD CONDITIONS.

NOTES:
1. REINFORCED CONCRETE PIPE TO BE CLASS V INSIDE RIGHT-OF-WAY.



NOTES:
1. HDPE WALL THICKNESS 3.25 INCHES.



NO.	REVISIONS	DATE
6		
5		
4	PER NCRR COMMENTS	2015-12-29
3	PER NCRR/CSX COMMENTS	2015-12-03
2	PER NCRR/CSX COMMENTS	2015-12-03
1	PER NCRR COMMENTS	2015-05-01

OWNER:

NORTH CAROLINA
STATE UNIVERSITY
CAMPUS BOX 7520-SUITE 331
RALEIGH, NC 27695



THE JOHN R. MCADAMS
COMPANY, INC.
2906 Meridian Parkway
Durham, North Carolina 27713
License No.: C-0293
(800) 793-5646 • McAdamsCo.com



PROJECT NO. NCS-14000
FILENAME: NCS14000-HNTB-PP
DESIGNED BY: JCG
DRAWN BY: JCG
BORE SCALE: 1" = 40'
VERT. SCALE: 1" = 4'
DATE: 12-03-2015

PLAN & PROFILE

PROPOSED ALIGNMENT, STA. 30+40 THRU STA. 33+25

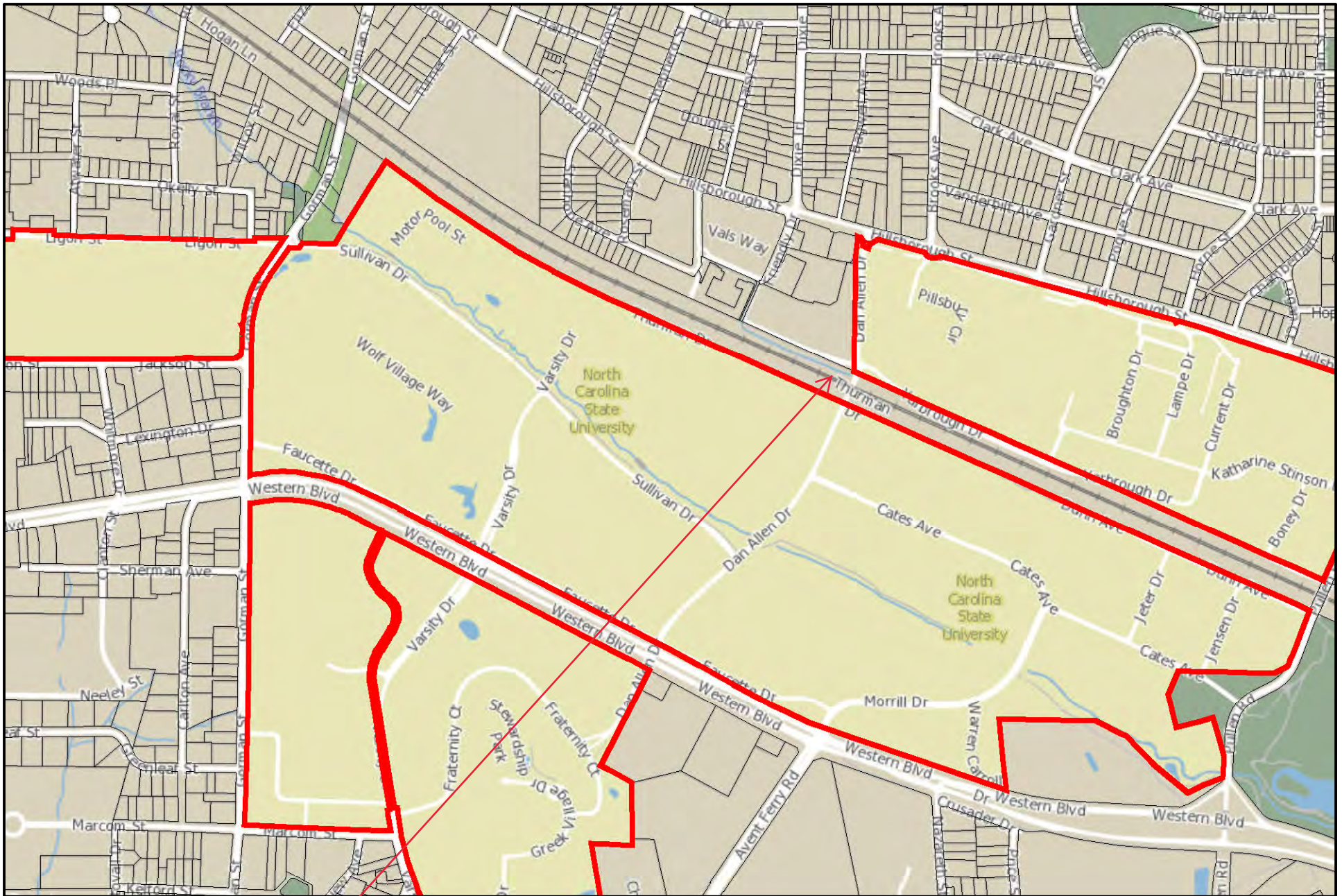
DAN ALLEN DRIVE
STORMWATER TRUNK LINE
RALEIGH, NC

FINAL DRAWING

SHEET NO. C-7

MCADAMS

PRINT DATE:



Vicinity Map - NCRR Right of Way



0 425 850 1,700 ft
1 inch = 800 feet

Disclaimer

iMaps makes every effort to produce and publish the most current and accurate information possible. However, the maps are produced for information purposes, and are **NOT** surveys. No warranties, expressed or implied, are provided for the data therein, its use, or its interpretation.

**ACQUISITION
OF REAL PROPERTY**

ACQUISITION OF REAL PROPERTY BY LEASE

LESSOR University Towers Operating Partnership, LP

LESSEE The State of North Carolina, North Carolina State University

LOCATION University Towers Residence Hall
 111 Friendly Drive, Raleigh, Wake County, NC

SIZE 3 Floors/384 student beds and 6 residential advisor beds

RATE \$2,411,784.00

TERM 10 months

USE To be used for overflow residential housing for 384 students and six (6)
 residential advisors for the 2019-2020 academic year.

PO-1

5-74

Original and one copy to
State Property Office

**STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION
RALEIGH**

***ACQUISITION OF REAL PROPERTY**

Institution or Agency: North Carolina State University**Date:** 2/21/2019

The Department of Administration is requested, as provided by GS 146-22 et seq. to acquire the real property herein described, by (~~purchase~~), (lease), (~~rental~~) or (~~other specify~~):

3 floors in the University Towers Residence Hall

This Property is needed for the following reasons and purposes: (attach additional sheets if necessary).

The leased space will provide overflow residential housing for 384 students and six (6) residential advisors for the 2019-2020 academic year.

Name and Address of Present Owner: University Towers Operating Partnership, LP, 999 South Shady Grove, Suite 600, Memphis, Tennessee 38120, Attn: Christine Richards, Chief Operating Officer and Executive Vice President

Description of Property: (attach additional sheets if necessary).

Floors 4, 5, & 6
111 Friendly Drive
Raleigh, NC

Term: Ten (10) months**Rental Price:** \$2,411,784.00**Funding:** Lease costs will be paid by the University Housing Department

Item _____, Other _____.

In the event the above described real property is not acquired, is there other real property available, owned by the State or otherwise, that you believe would, if acquired, fulfill the requirements of your agency? If so, give details. **No.**

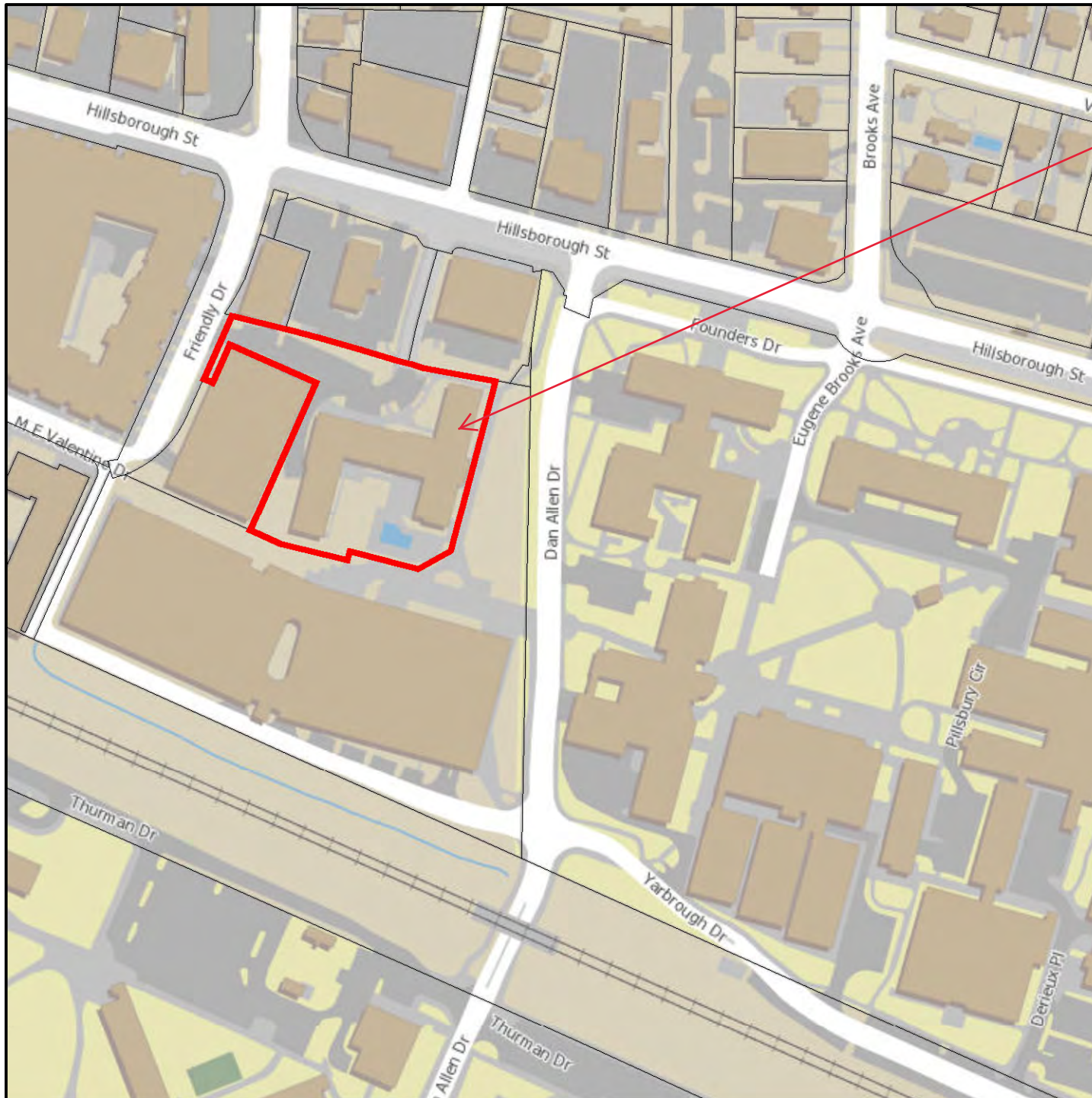
Action, recommending the above request, was taken by the Board of Trustees and is recorded in the minutes thereof on _____, 2019.

Signature _____

*The term "real property" includes timber rights, mineral rights, etc. (GS 146-64)



Vicinity Map - 111 Friendly Dr.



PIN: 0794622053
 PIN Ext: 000
 Real Estate ID: 0005491
 Map Name: 0794 19
 Owner: UNIVERSITY TOWERS OPERATING
 PARTNERSHIP, LP
 Mail Address 1: 999 SHADY GROVE RD S STE
 600
 Mail Address 2: MEMPHIS TN 38120-4130
 Mail Address 3:
 Deed Book: 015345
 Deed Page: 00459
 Deed Acres: 1.75
 Deed Date: 7/2/2013
 Building Value: \$28,871,146
 Land Value: \$3,735,270
 Total Value: \$32,606,416
 Biling Class: Business
 Description: LO1 UNIVERSITY TOWERS
 BM2011 -00896
 Heated Area: 213318
 Street Name: FRIENDLY DR
 Site Address: 111 FRIENDLY DR
 City: RALEIGH
 Planning Jurisdiction: RA
 Township: Raleigh
 Year Built: 1988
 Sale Price: \$5,789,000
 Sale Date: 1/4/2013



0 105 210 420 ft
 1 inch = 200 feet

Disclaimer

*iMaps makes every effort to produce and publish the most current and accurate information possible. However, the maps are produced for information purposes, and are **NOT** surveys. No warranties, expressed or implied, are provided for the data therein, its use, or its interpretation.*

**ACQUISITION
OF REAL PROPERTY**

LEASE

LESSOR	To be determined
LESSEE	State of North Carolina on behalf of NC State University's Center for Integrated Pest Management
LOCATION	To be determined. Close proximity to NC State Centennial Campus; proximity to USDA-APHIS
SIZE	+/- 10,000 rentable square feet of real property.
RATE	Not to exceed \$35.00/10,000 rsf = \$350,000/year
TERM	Five (5) to Seven (7) year term with one (1) option to renew for three (3) to five (5) years (total Term not to exceed 10 years)
USE	Acquisition by lease. North Carolina State University, on behalf of the NSF Center for Integrated Pest Management ("CIPM"), whose existing lease expires on October 31, 2019, requests to execute a new strategic office lease in its current or comparable location on or near Centennial Campus. CIPM fulfills the land-grant mission of the College of Agriculture and Life Sciences by coordinating interdisciplinary teams, cultivating local to global partnerships and training the next generation of IPM practitioners. CIPM develops and advances new IPM strategies, pest analytic tools, and decision support systems.

Form PO-1Original and one copy to
to State Property Office

**STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION
RALEIGH**

*** ACQUISITION OF REAL PROPERTY****Institution or Agency:** North Carolina State University**Date:** February 21, 2019

The Department of Administration is requested, as provided by GS 146-22 et seq. to acquire the real property herein described by (~~purchase~~), (lease), (~~rental~~), or (~~other specify~~):

This Property is needed for the following reasons and purposes: North Carolina State University, on behalf of the NSF Center for Integrated Pest Management ("CIPM"), whose existing lease expires on October 31, 2019, requests to execute a new strategic office lease in its current or comparable location on or near Centennial Campus. CIPM fulfills the land-grant mission of the College of Agriculture and Life Sciences by coordinating interdisciplinary teams, cultivating local to global partnerships and training the next generation of IPM practitioners. CIPM develops and advances new IPM strategies, pest analytic tools, and decision support systems.

Name and Address of Present Owner: CIPM is currently located in Venture IV on Centennial Campus (owned by WP Propco IV, LLC c/o TPG Real Estate)

Description of Property: (attach additional sheets if necessary).

Commercial office space in Raleigh, Wake County, NC or other comparable property with reasonable proximity to NC State University (exact location to be determined based on availability); ±10,000 rentable square feet of office and meeting space. CIPM is currently located on Centennial Campus at Venture IV, 1st floor, 1730 Varsity Drive, Raleigh, NC.

Term: Five (5) to Seven (7) year term with one (1) option to renew for three (3) to five (5) years (total Term not to exceed 10 years)

Rental price (if applicable): Not to exceed \$35.00/ rentable square feet = \$350,000/year with 3% annual increases. Cost includes utilities, janitorial services, and required maintenance.

Funding: 95-100% Federal Funding (USDA)

Item: Acct. #581653, #559192, among others

Other:

In the event the above described real property is not acquired, is there other real property available, owned by the State or otherwise, that you believe would, if acquired, fulfill the requirement of your agency? If so, give details. No.

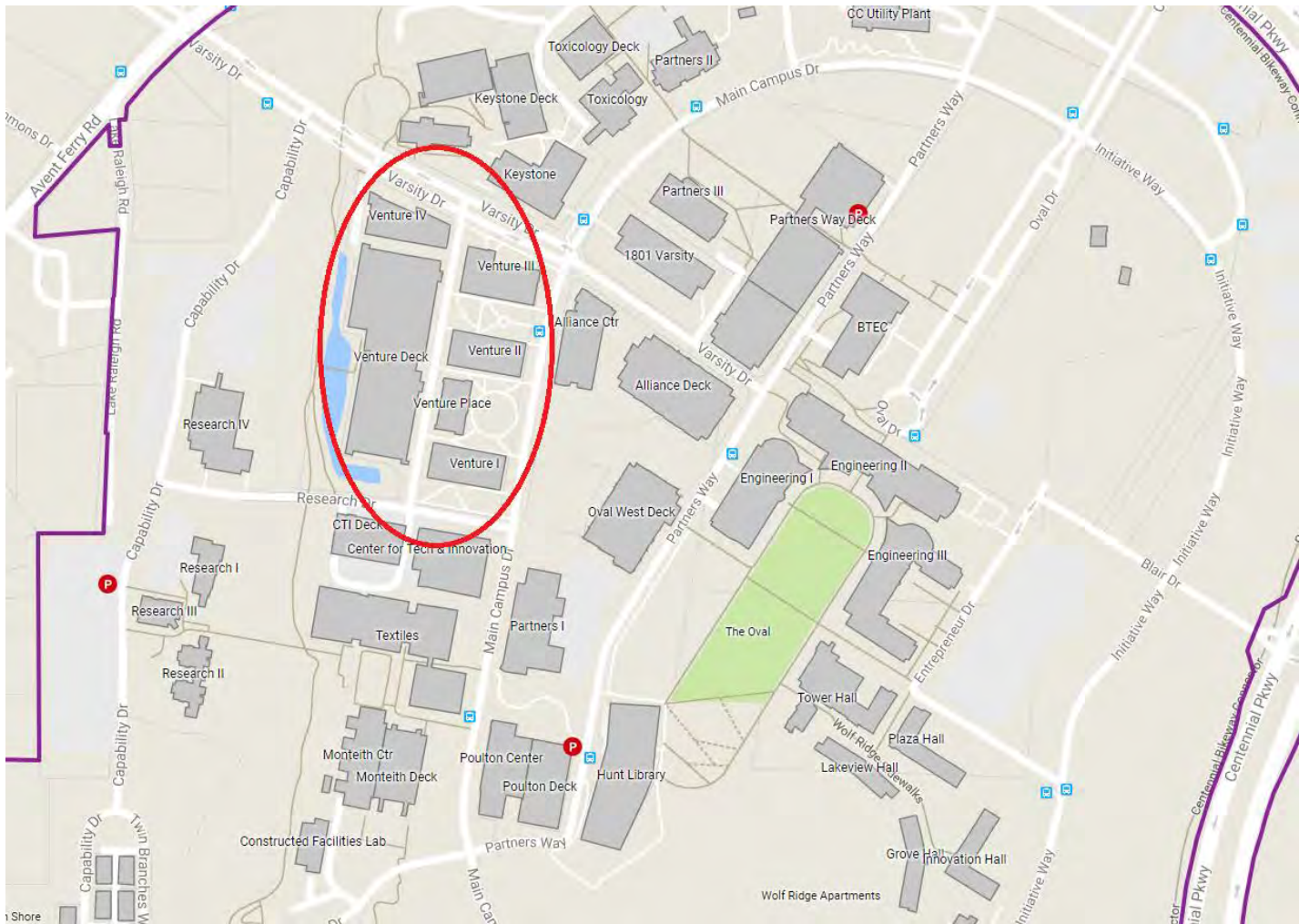
Action, recommending the above request, was taken by the Board of Trustees and is recorded in the minutes thereof on _____, 2019.

Signature _____
Chancellor

Centennial Campus

Venture Center Complex – CIPM current location

Raleigh, NC



Americans with Disabilities Act (ADA) Transition Plan Update 2019

Total Project Scope – \$125,000 (ADA Trust Account)

- 10/19/18 Advertised in NC Purchase Directory
- 11/20/18 Closing date for submittals
(10 proposals received)
- 11/20/18 Appointment of Selection Committee
By Doug Morton, Secretary – Buildings and Property Committee
- 11/20/18-
12/17/18 Selection Committee review:
Dewayne Washington, Trustee
Lisa Johnson, University Architect
Bill Davis, Associate Director, Capital Project Management (CPM)
Lisa Maune, Associate Director, Capital Project Management (CPM)
Chris Johnson, Facility Planner
Mark Newmiller, Director, Disability Resource Office (DRO)
David Elrod, Associate Equal Opportunity Officer, Institutional Equity & Diversity
Crystal Tenan, University IT Accessibility Coordinator

Others who assisted in review and short listing process
Sumayya Jones Humienny, Associate University Architect
Tom Skolnicki, University Landscape Architect
- 12/07/18 Short list recommendation by Selection Committee:
Accessology – McKinney, TX
MHA Works – Greenville, NC
Institute for Human Centered Design – Boston, MA
- 12/07/18 Short list approved by Robert F. Andrews
- 12/10/18 Pre-interview briefing of Designers
- 12/17/18 Designers interviewed. Recommendation in priority order:
1. Institute for Human Centered Design – Boston, MA
2. MHA Works – Greenville, NC
3. Accessology – McKinney, TX

Approval of Designer Selections for Projects \$1,000,000 or Less

Note: The projects below are submitted to the Board of Trustees Buildings and Property Committee for formal approval of designer selections for projects \$1,000,000 or less that are not on the OESAD list. This listing represents designers selected since November 15, 2018.

<u>Project:</u>	<u>Fee:</u>
Flooring Abatement- Metcalf Designer: Matrix Health & Safety Consultants Funds Source: Housing Receipts	\$28,400
Site Improvements- Avent Ferry Complex A & B Designer: Timmons Group Funds Source: Housing Receipts	\$24,900
Improve Exterior- DH Hill North Designer: McAdams Co. Funds Source: Repair and Renovations	\$9,100
Starbucks Upgrades- Talley Designer: New City Design Group Funds Source: Dining Receipts	\$24,720
BAS Upgrade- BTEC Designer: Dewberry Funds Source: Repair and Renovations	\$48,400
Dabney Hall Evaluation & Upgrade Phase 2 Metric Renovation Designer: Affiliated Engineers Funds Source: F&A	\$22,585
Rooms 239, 241, 339, & 341 ADA Renovations- Tucker Hall Designer: Davis Kane Architects, PA Funds Source: Housing Receipts	\$28,700
Dabney Water Intrusion Designer: McKim & Creed Funds Source: Carry Forward	\$14,900
Boardroom 3220 Renovation- Nelson Hall Designer: Andre Johnson Architect, PLLC Funds Source: Poole College of Management Appropriated	\$16, 750
Room 108 ADA Renovation- Lee Hall Designer: Davis Kane Architects, PA Funds Source: Housing Receipts	\$19,800
Steam Repairs Phase VIII- C Designer: RMF Engineering Funds Source: Carry Forward	\$265,000

**Buildings and Property Committee
Board of Trustees
Acceptance of Completed Buildings and Projects**

5.4.A

Code/Item	Project#	Location	Title	Project Cost	University Acceptance
41624	201712044	Phytotron	Roof Replacement	\$124,371	11/01/18
41524/325	201512124	ES King Village	Roof Upgrades, Phase I and II	\$397,933	8/22/2018
41724/311	201724065	ES King Village	Roof Upgrades, Phase III	\$596,964	12/18/2018
41724/320	201724067	Jordan Hall West	Roof Replacement Jordan Hall West	\$287,039	12/13/2018
NA	201820010	DH Hill	Chick-fil-A Atrium Upgrades	\$188,546	8/21/2018
41724/312	201720135	CVM Hospital	Replace Existing Siemens	\$334,657	10/10/2018
41624/342	201712015	Carter Finley Stadium	South-End Video Board Replacement	\$481,308	7/10/2018
41624/323	201720055	Daniels Hall	Fire Alarm Replacement 3rd and 4th floors	\$342,500	1/8/2019
NA	201824098	Libraries Satellite Shelving	Roof Replacement	\$197,060	1/10/2019
			TOTAL	\$2,950,378	

**BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY**

Committee: Buildings and Property

Meeting Date: February 21, 2019

Agenda Item / Issue:	5.6.A.1	Plan Review and Approval Academic Success Center in DH Hill Library – North Campus
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Requested / Required Action:	Approval
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Functions:	<p>The 45,000 gross square foot (GSF) renovation involves the construction of an Academic Success Center, open study area, and Data & Technology Commons within DH Hill Library. The project renovates the existing book stack space within the north and south wings on the 2nd, 3rd and 4th Floors. Renovations also include: modifications to the Ground and 1st Floors to improve the entry sequence and wayfinding; replacement of the existing monumental staircase, building systems, and infrastructure associated with the change in use. The Library is to remain in operation throughout the duration of construction. Construction begins May 2019 and completes August 2020. The primary Brickyard building entrance will close during construction and the Hillsborough Street entrance will reopen.</p>
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Project Scope:	<table border="0" style="width: 100%;"> <tr> <td style="width: 40%;">\$ 2,091,335</td> <td>Design/Consultant Costs</td> </tr> <tr> <td>\$ 11,099,028</td> <td>Construction</td> </tr> <tr> <td>\$ 2,709,637</td> <td>Contingency/Other Project Costs</td> </tr> <tr> <td style="border-top: 1px solid black;">\$ 15,900,000</td> <td style="border-top: 1px solid black;">Total Project Budget</td> </tr> </table>	\$ 2,091,335	Design/Consultant Costs	\$ 11,099,028	Construction	\$ 2,709,637	Contingency/Other Project Costs	\$ 15,900,000	Total Project Budget
\$ 2,091,335	Design/Consultant Costs								
\$ 11,099,028	Construction								
\$ 2,709,637	Contingency/Other Project Costs								
\$ 15,900,000	Total Project Budget								

Design Team:	Lord Aeck Sargent – Lead Designer Holder Construction Company (CMR)
---------------------	------------------------------------------------------------------------

Master Plan Summary:	<p>The configuration of the space will promote interaction between the services and open study space within the library. The design allows people to move through the spaces with greater ease and have program activities clearly visible through additional glazing. The design also incorporates Design Harmony to blend the new into the existing context of the building for visual unity.</p>
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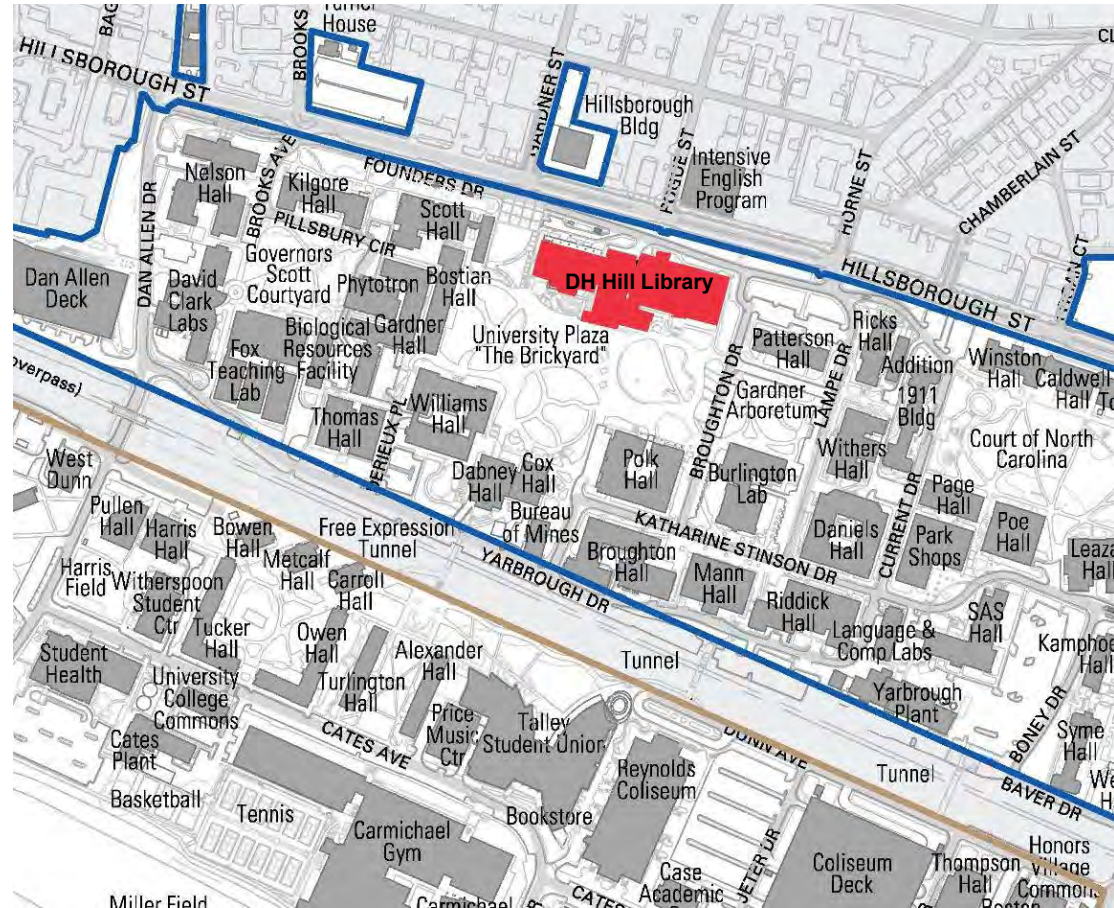
Recommendation: Reviewed by CDRP on October 31, 2018. Approval recommended.

Suggested Motion: Move approval of plans for the Academic Success Center in DH Hill Library.

Funding Source:	University Carry Forward - \$15,900,000
------------------------	-----------------------------------------

Responsible University unit University Presenter/Contact:	Office of Finance and Administration, Facilities Division Lisa Johnson, University Architect
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- **45,000 GSF** Renovation of Portions of the Ground thru 4th Floors of the North & South Towers
- Anticipated Construction **May 2019 – August 2020.**
- **Primary Entrance** to DH Hill to be shifted to Hillsborough Street side via Erdahl Cloyd Wing for the duration of construction. New entrance shall remain.



Academic Success Center at DH Hill Library

- **Academic Success Center (DASA):** Writing Center, University Tutorial Services, Touch-Down Counseling, Academic Coaching.
- **Undergraduate Research Office (DASA)**
- **Data + Technology Commons (Libraries):** Varying Scales of Visualization and Consultation Spaces, Innovation Studio and Tutorial Room.
- **Additional Open and Small Group Study Space.**





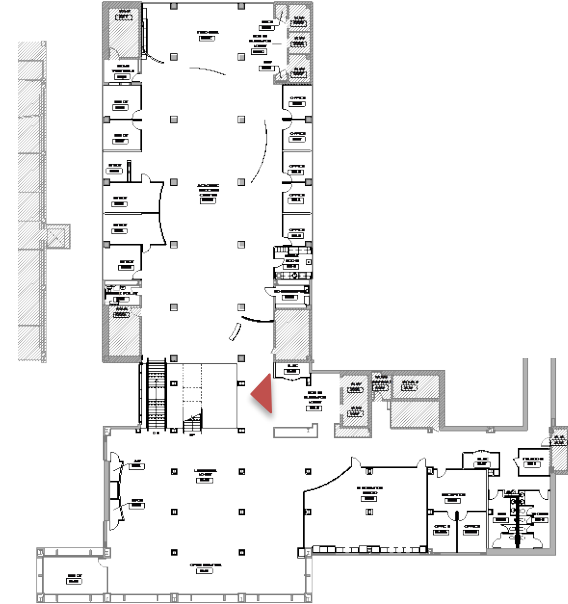
NEW CIRCULATING STAIR (GROUND FLOOR)



EXISTING STAIR

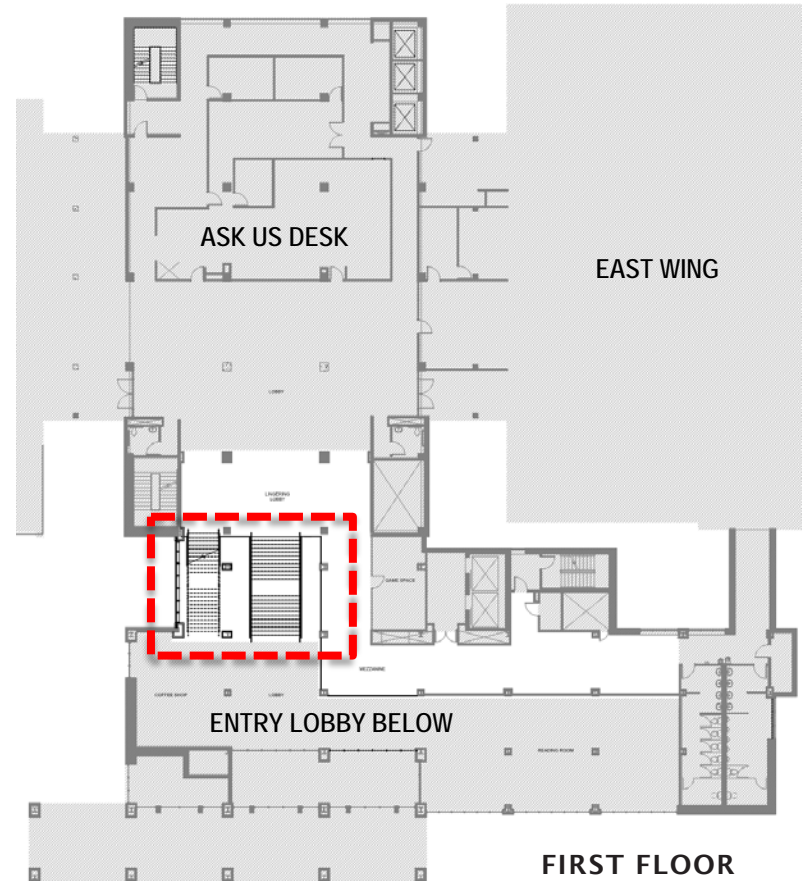


NEW CIRCULATING STAIR (SECOND FLOOR)

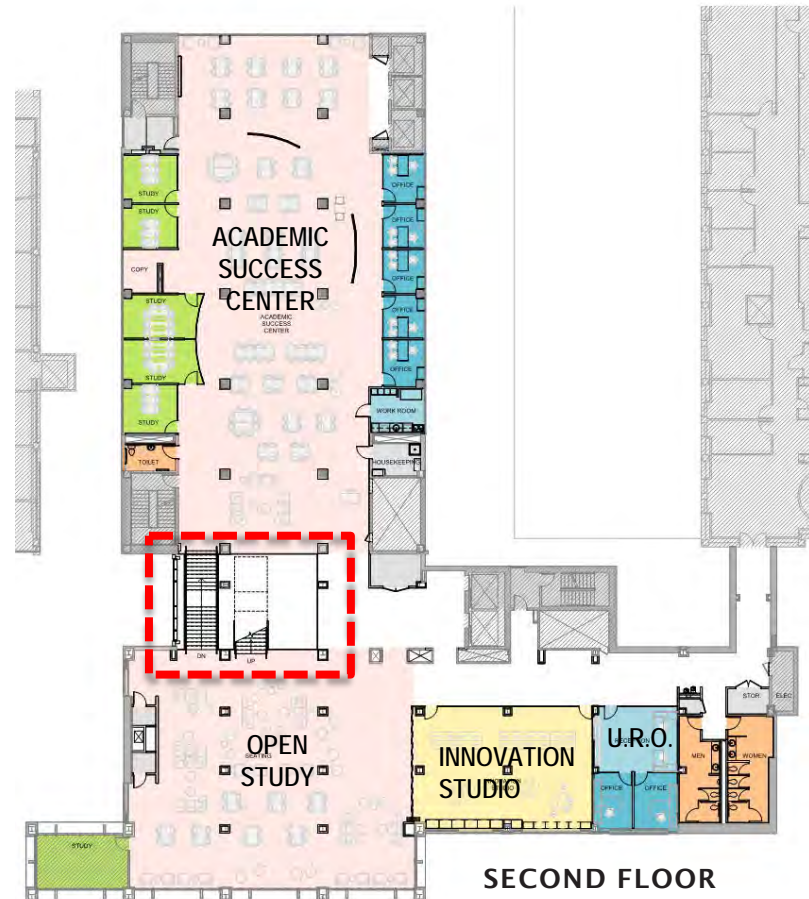


SECOND FLOOR

- Extended Atrium (Ground-Third Floors)
- Central Circulating Stair
- Re-aligned Entry w/ Sliding Doors and Re-configured Security Point
- Upgraded Lighting and Finishes

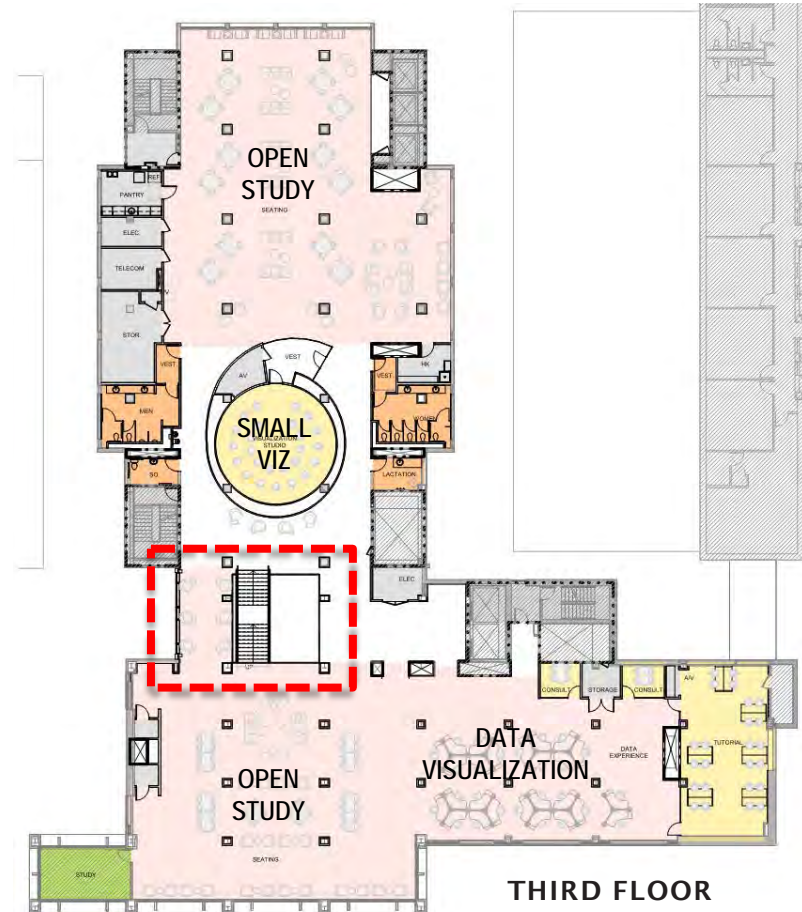


- **Academic Success Center**
Tutorial / Meeting Areas, 5 Staff Offices, Break Room
- **Undergraduate Research Office**
Reception Area, 2 Staff Offices
- **Innovation Studio**
Flexible Demonstration and Research Space with
Advanced Projection, Augmented and Virtual Reality Tools
- **Opportunities to Showcase Student and Faculty work**
Multi-Media Displays and Surfaces similar to Hunt Library.
- **Open Study Space**
- **Relocated ADA compliant restrooms**
- **Single Occupant Toilet**

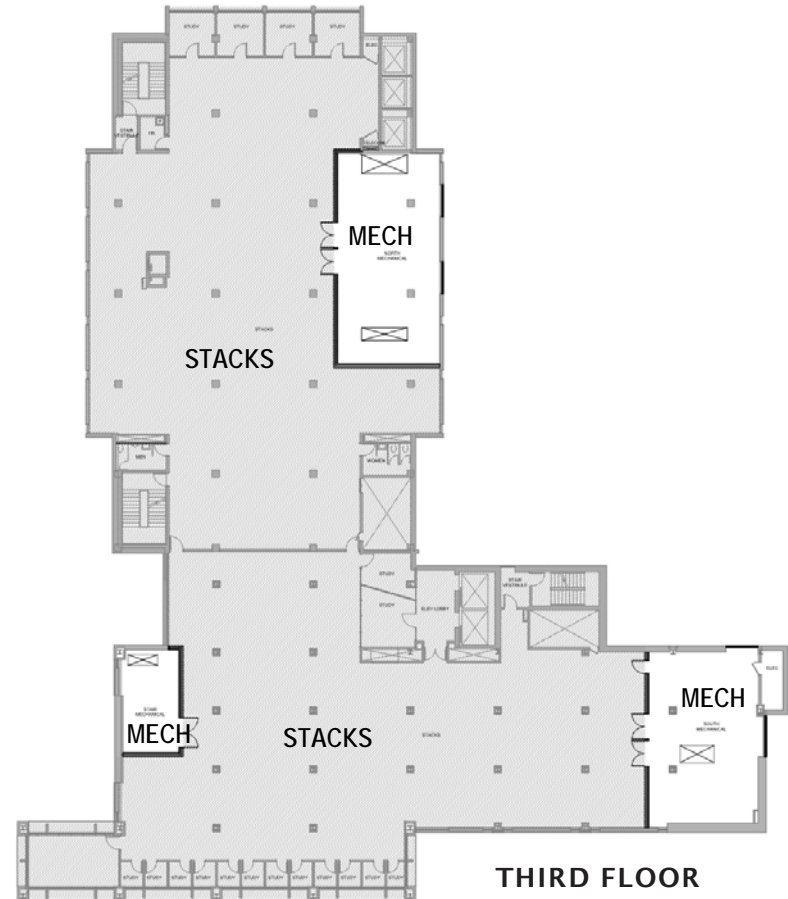


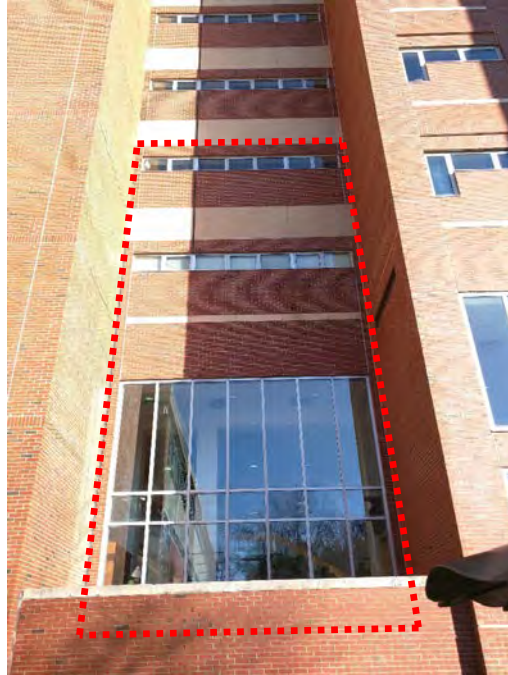
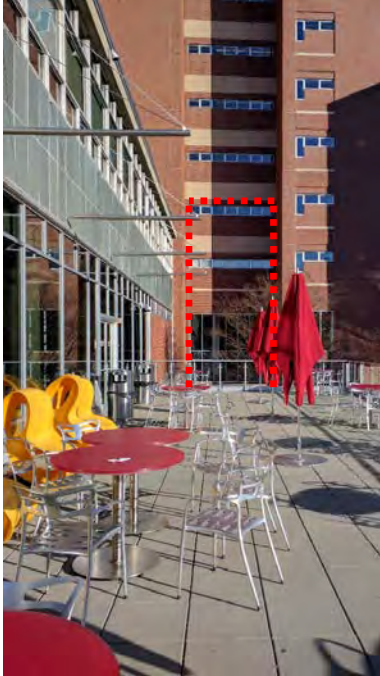
5.6.A.1

- **Small Visualization Studio**
Fully Immersive 360-degree Presentation Space
Available to Faculty and Students. Relocated from Second Floor with Enhanced Projection Capabilities.
- **Data Visualization Lab**
Specialized Computer Work Stations & Consultation Rooms
- **Opportunities to Showcase Student and Faculty work**
Multi-Media Displays and Surfaces similar to Hunt Library.
- **Open Study Space / Flexible Event Space**
- **Enlarged ADA compliant restrooms**
- **Single Occupant Toilet**
- **Lactation Room**



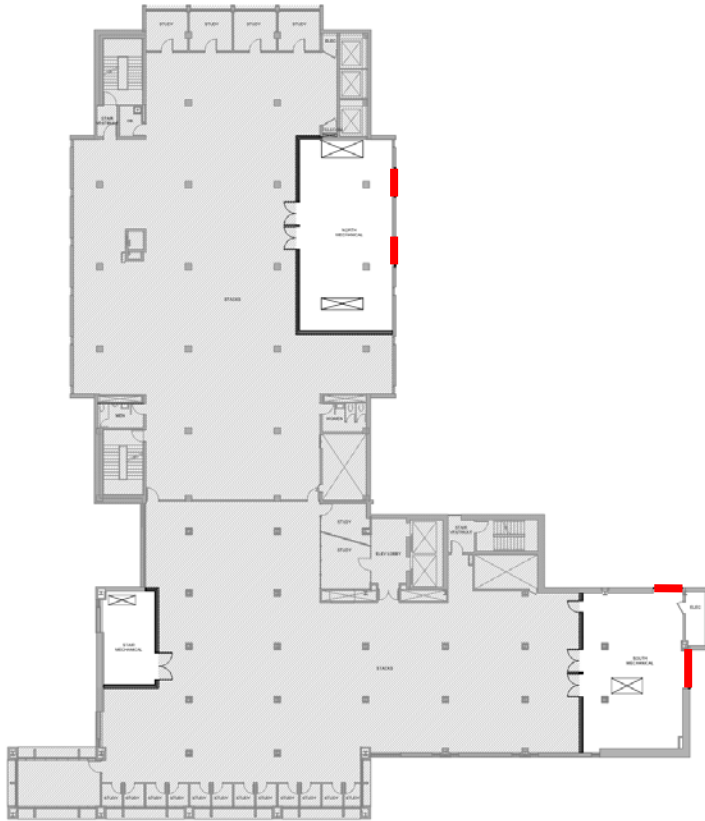
- Existing Book Stacks
- New Mechanical Space Serving Lower Floors





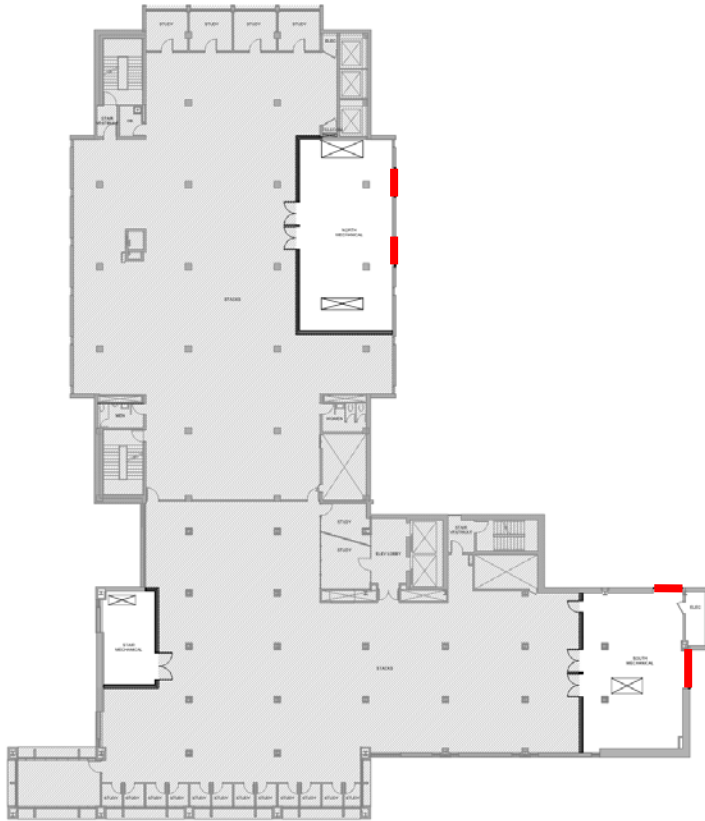


EXTERIOR MODIFICATIONS: GLAZING



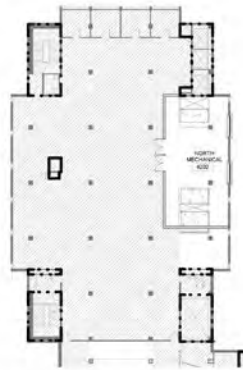
EXTERIOR MODIFICATIONS: LOUVERS



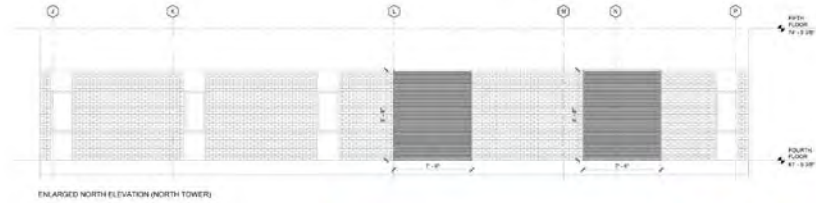


EXTERIOR MODIFICATIONS: LOUVERS

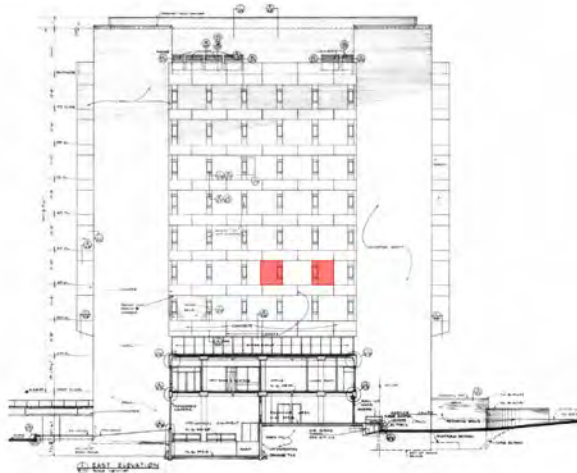


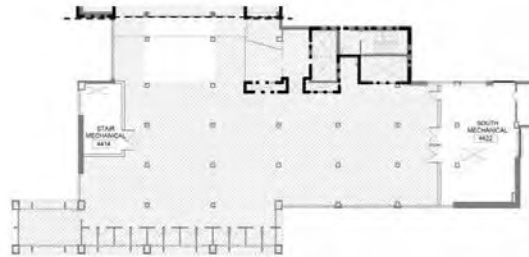


FOURTH FLOOR PLAN - NORTH

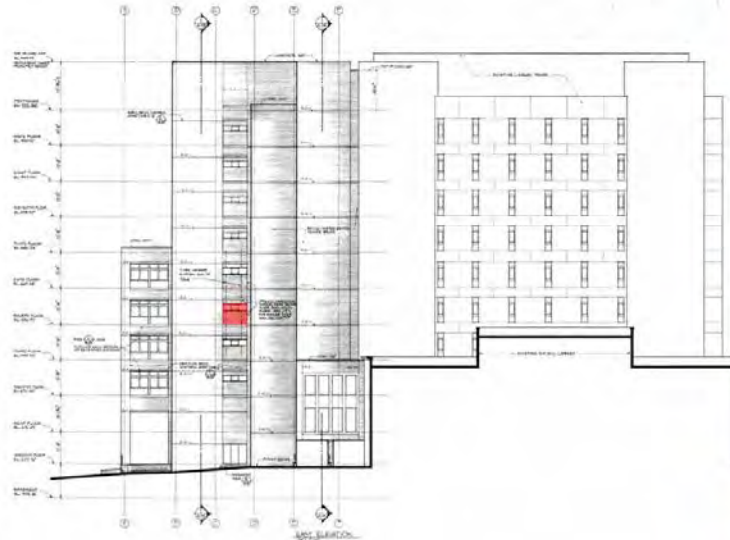


ENLARGED NORTH ELEVATION (NORTH TOWER)

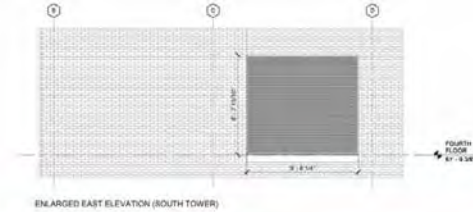


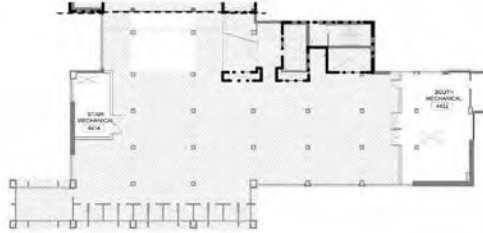


FOURTH FLOOR PLAN - SOUTH

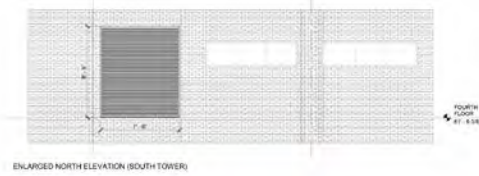
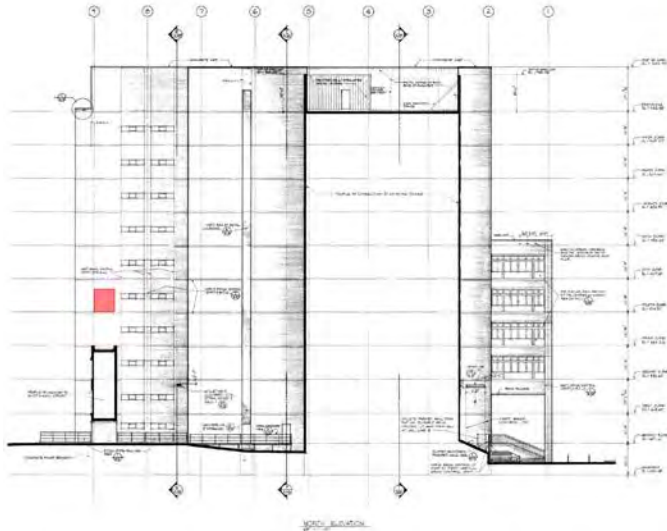


EXTERIOR MODIFICATIONS: LOUVERS



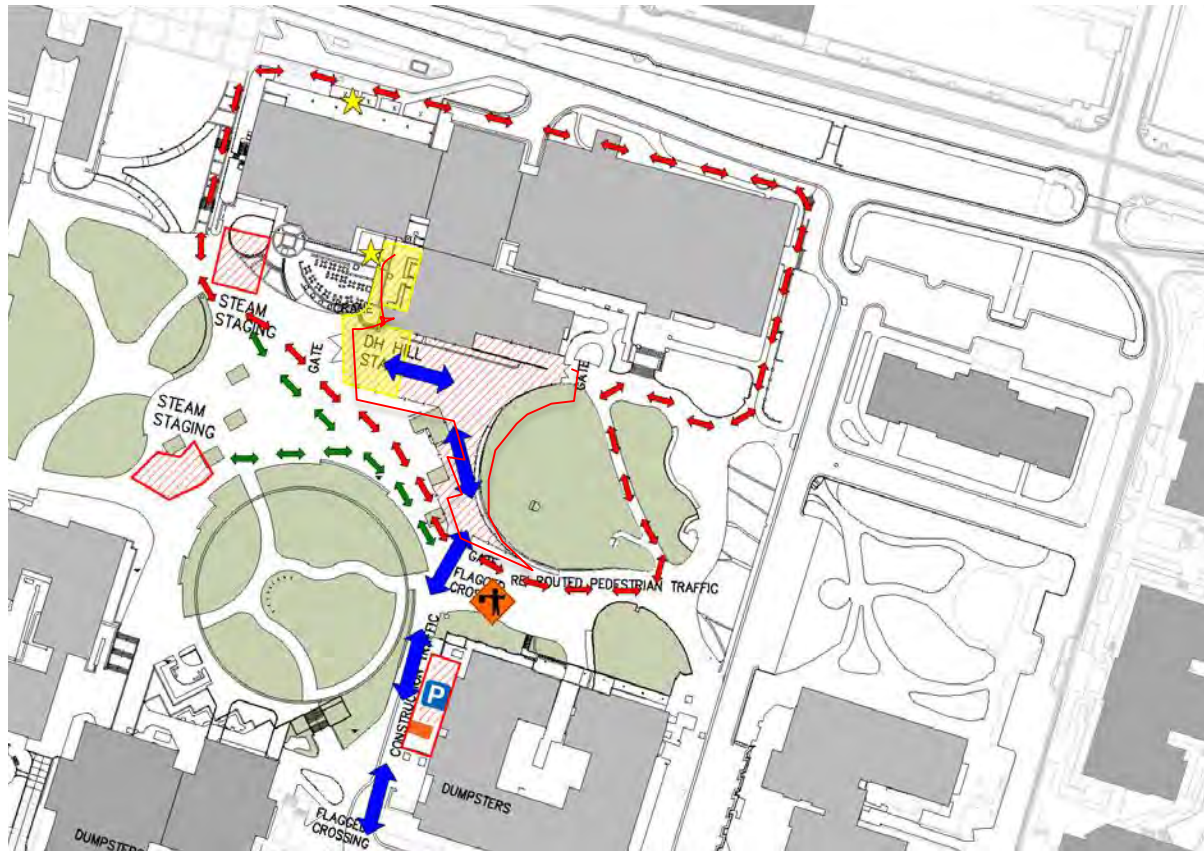


FOURTH FLOOR PLAN - SOUTH



ENLARGED NORTH ELEVATION (SOUTH TOWER)





-  Holder / General
-  Construction Traffic
-  Pedestrian Traffic
-  Crane Access / Protection
-  Staging
-  DH Hill Pedestrian Access
-  Holder Parking
-  Flagmen

ASC Construction May 2019 – August 2020
Steam Line Construction: May – October 2019

**BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY**

Committee: Buildings and Property

Meeting Date: February 21, 2019

Agenda Item / Issue:	5.6.A.2	Site and Plan Review/Approval DH Hill North Exterior Site Improvements – North Campus
-----------------------------	----------------	------------------------------------------------------------------------------------------------------

Requested / Required Action: Approval

Functions: The project creates a new entry plaza to support reopening the Hillsborough Street entrance of the DH Hill Library. The design creates a safe, inviting entrance for the 8,000 to 10,000 visitors to the library each day. Existing bus layover and shelters are reconstructed further west on Founders Drive to allow for an increase in green space. A new path network improves pedestrian safety and connects the building entrance with campus paths from the east, west and south, as well as at adjacent crossings of Hillsborough Street. Additional seating near the entrance and along a secondary path provide exterior collaboration space.

Project Scope:	\$ 0	Design/Consultant Costs (in house design)
	\$ 783,750	Construction
	\$ 41,250	Contingency/Other Project Costs
	\$ 825,000	Total Project Budget

Design Team: NC State University Facilities Division – Lead Designer

Master Plan Summary: The project is an outcome of the Campus Capacity and Assessment Study, and the Hillsborough Street Campus Edge Master Plan. This project provides Hillsborough Street with more engaging, active uses and streetscape while creating a more welcoming, porous edge to campus. The master plan creates a new gathering space with seating. .

Recommendation: Reviewed by CDRP on November 28, 2019. Approval recommended.

Suggested Motion: Move approval of site and plans for the DH Hill North Exterior Site Improvements

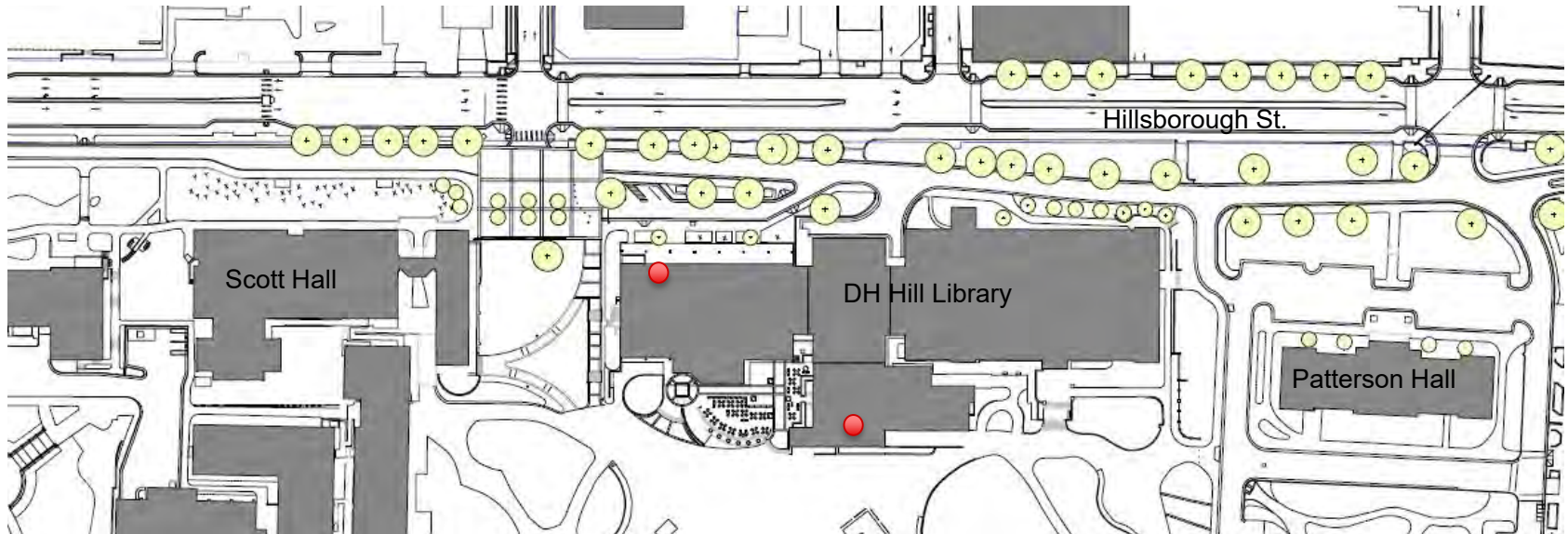
Funding Source: Repair & Renovation - \$825,000

Responsible University unit University Presenter/Contact:	Office of Finance and Administration, Facilities Division Lisa Johnson, University Architect
----------------------------------------------------------------------	-------------------------------------------------------------------------------------------------

D.H. HILL LIBRARY

NORTH EXTERIOR IMPROVEMENTS

Trustees Buildings and Property Committee - February 21, 2019



Existing Site Plan

Conflicts with building entrance and plaza



Existing DH Hill North Entrance – Access and Visibility



Site Context

EXTEND BUS LANE AND
RELOCATE TWO SHELTERS

HILLSBOROUGH STREET

FOUNDERS DRIVE

ENTRANCE

ERDAHL-CLOYD
WING

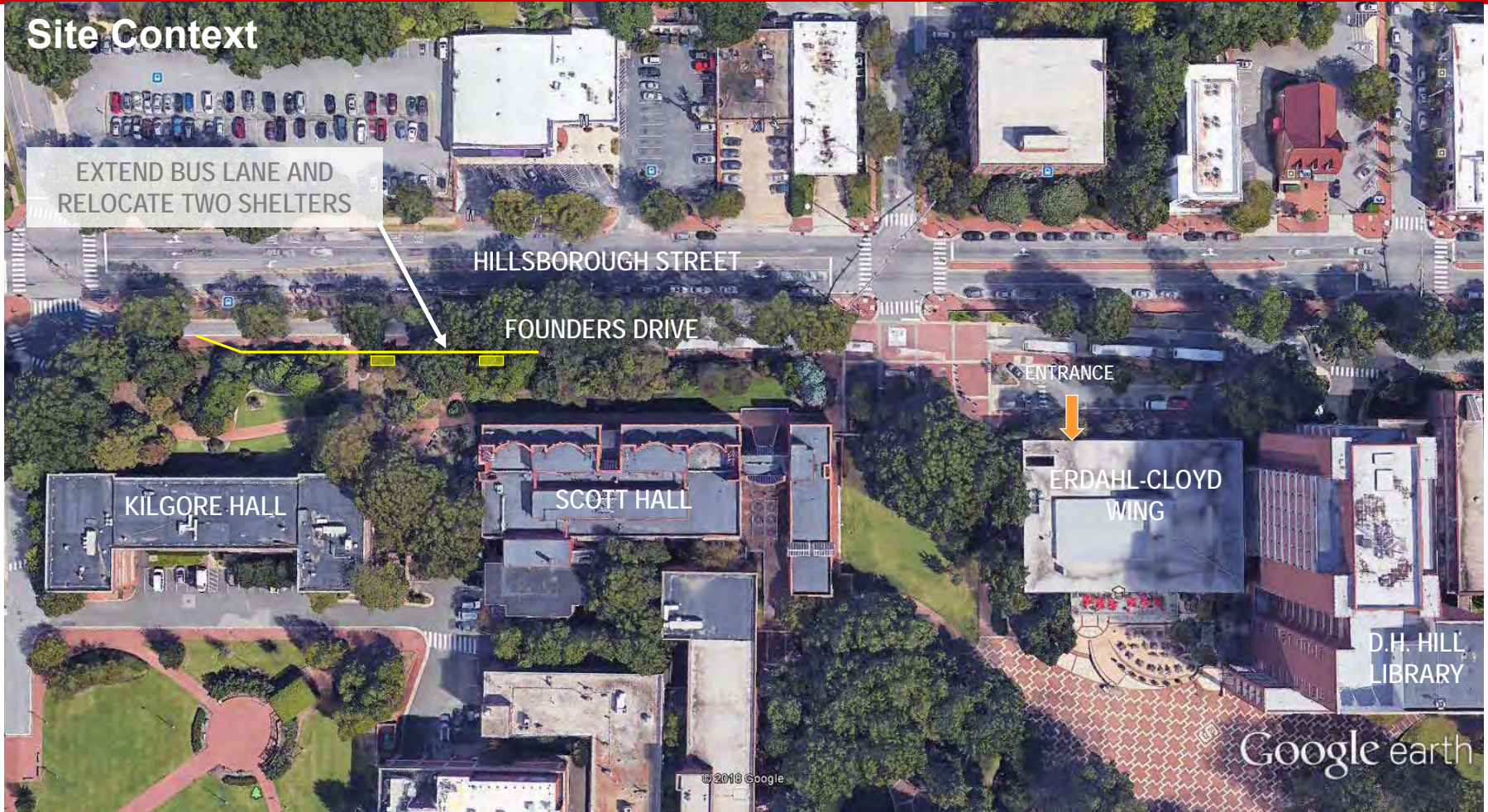
KILGORE HALL

SCOTT HALL

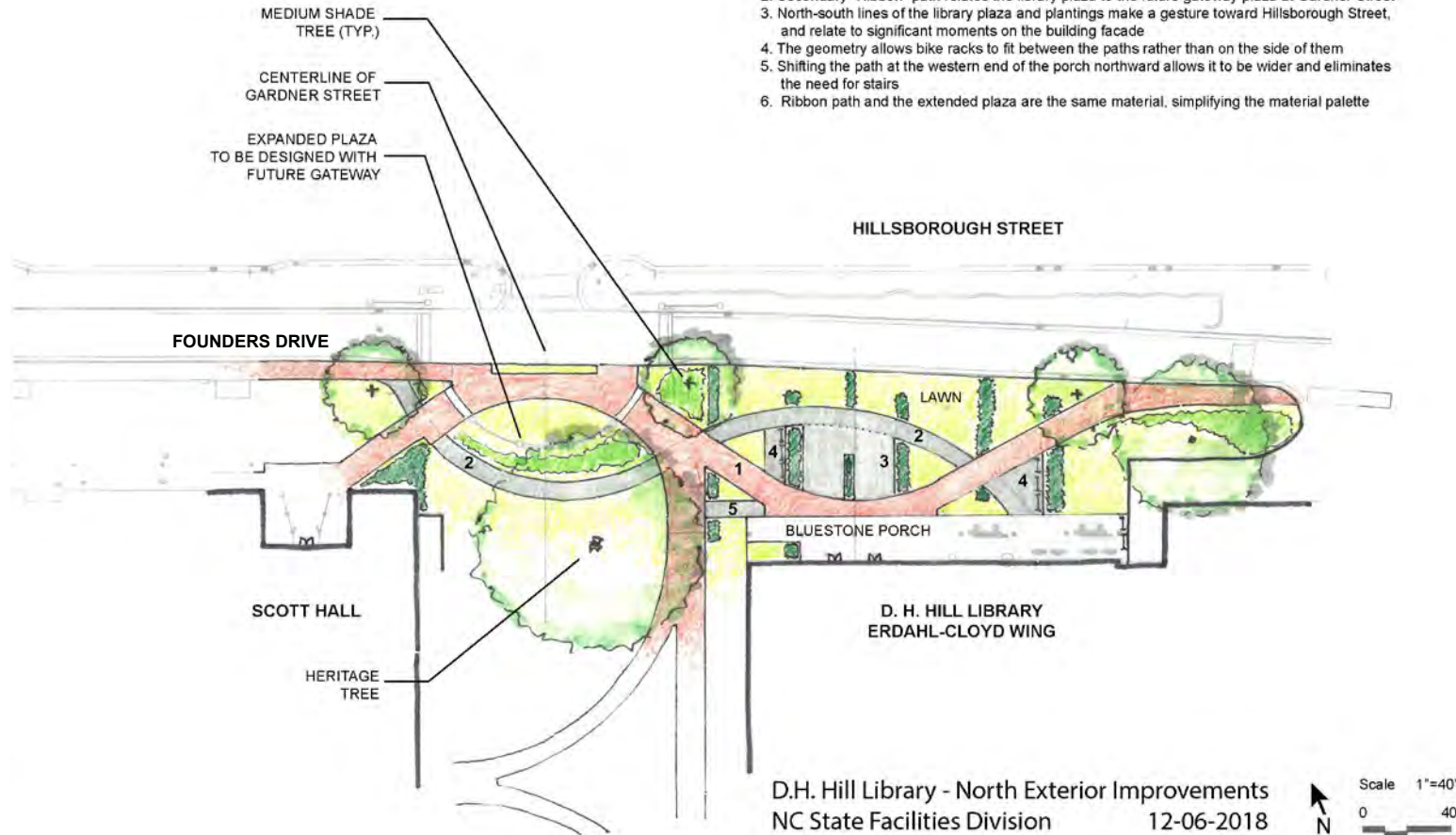
D.H. HILL
LIBRARY

Google earth

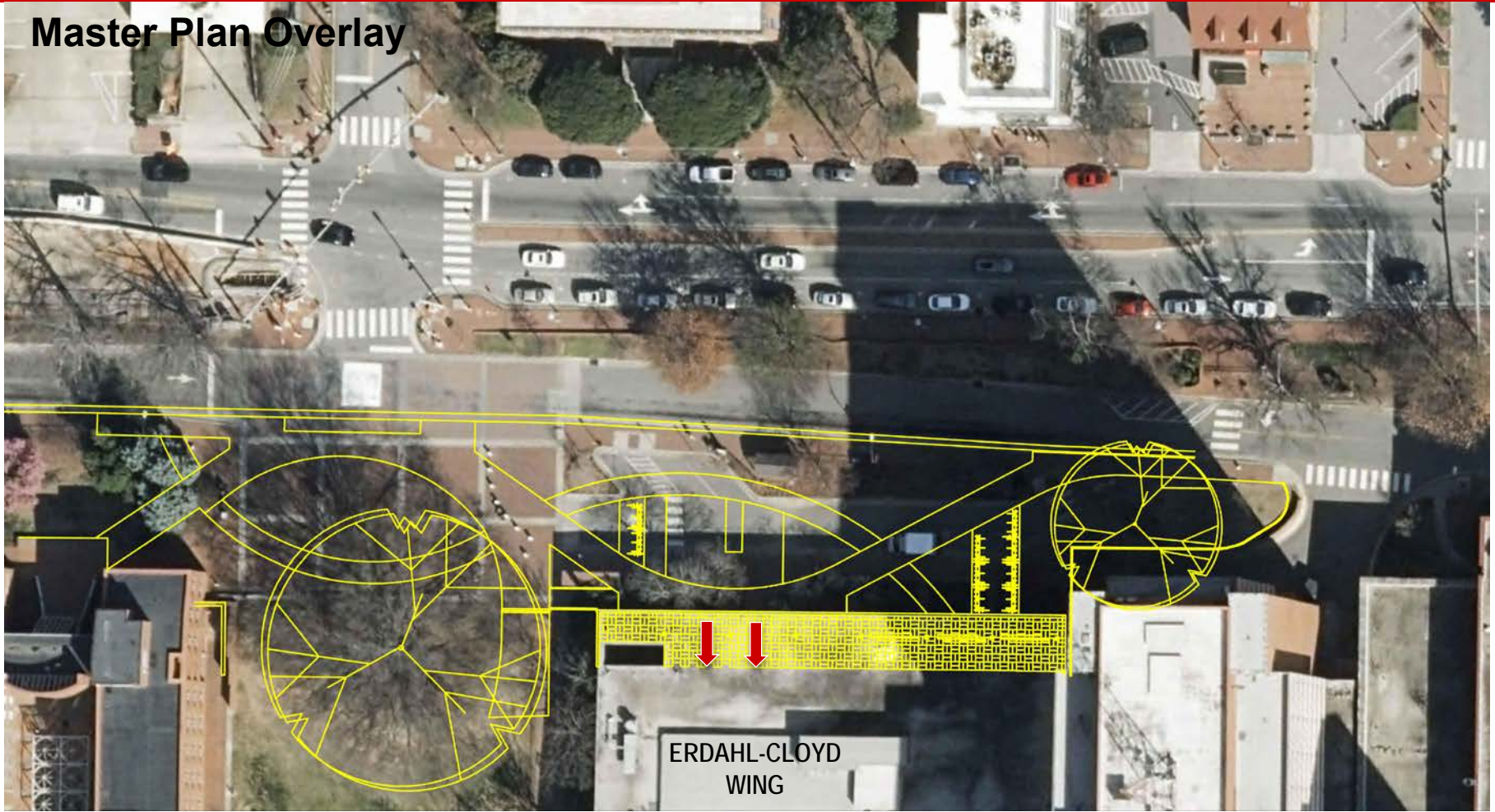
© 2018 Google

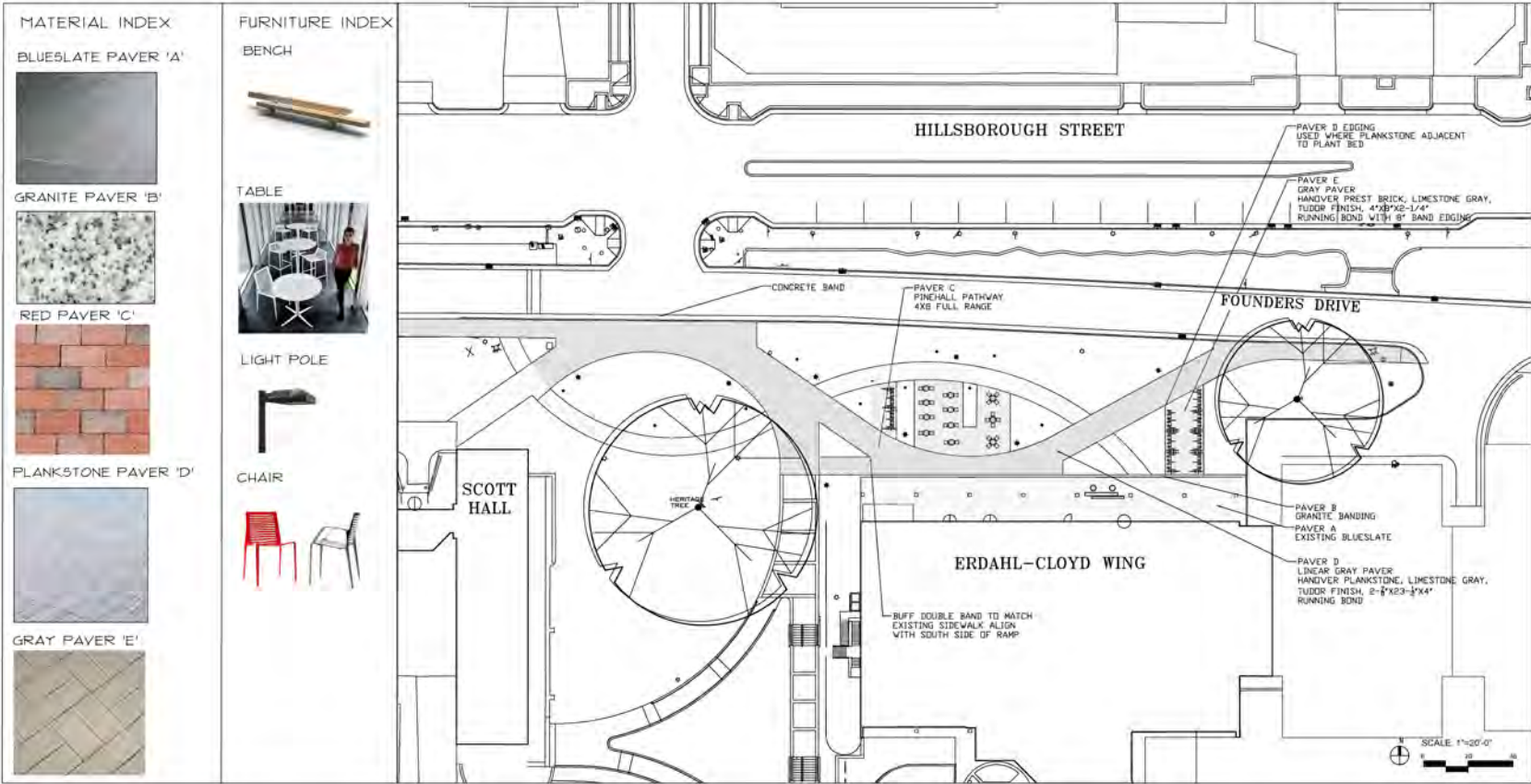


1. Primary red brick paths connect adjacent walks to building entries and the Brickyard
2. Secondary "Ribbon" path relates the library plaza to the future gateway plaza at Gardner Street
3. North-south lines of the library plaza and plantings make a gesture toward Hillsborough Street, and relate to significant moments on the building facade
4. The geometry allows bike racks to fit between the paths rather than on the side of them
5. Shifting the path at the western end of the porch northward allows it to be wider and eliminates the need for stairs
6. Ribbon path and the extended plaza are the same material, simplifying the material palette

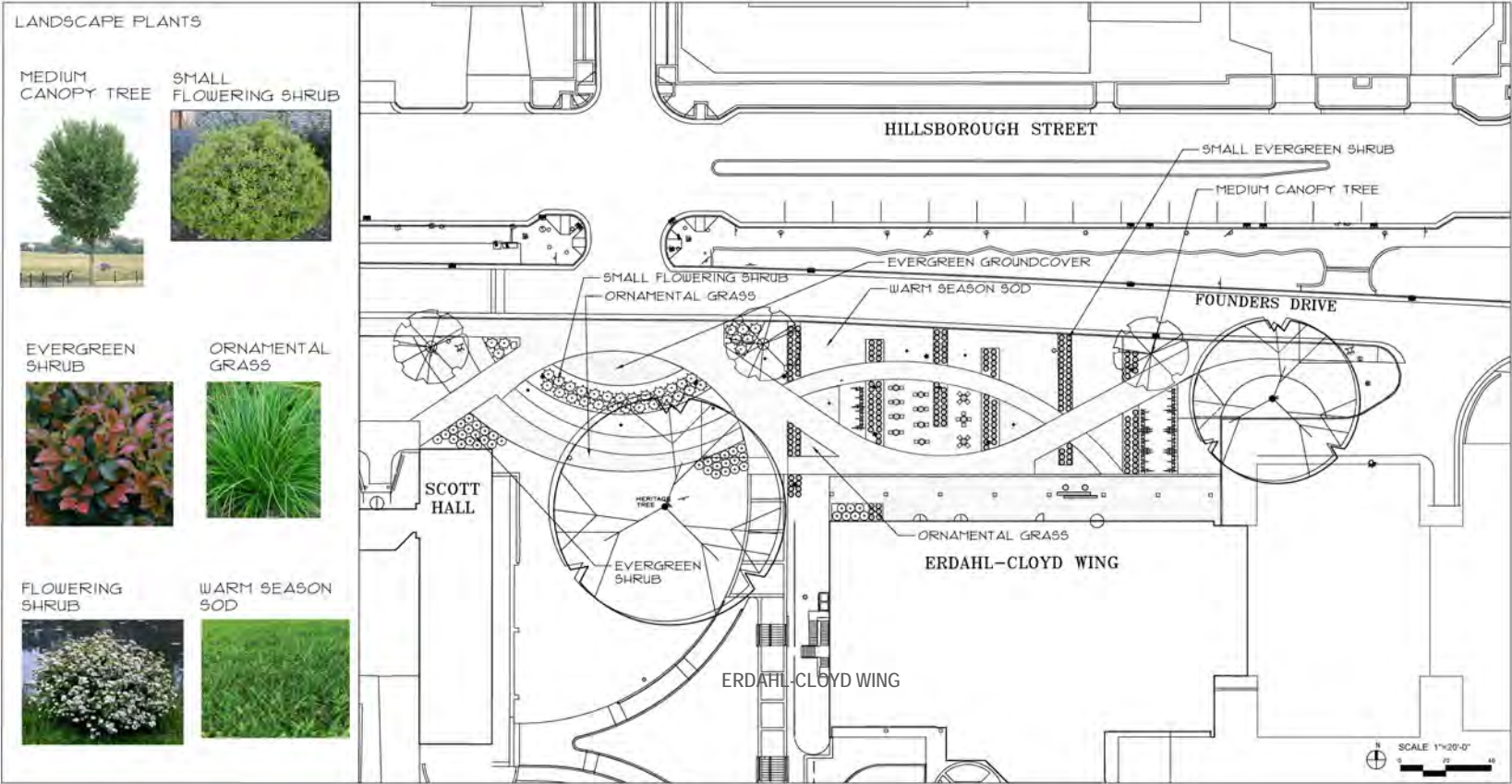


Master Plan Overlay





Site Plan



Planting Plan



**BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY**

Committee: Buildings and Property

Meeting Date: February 21, 2019

Agenda Item / Issue:	5.6.A.3	Plan Review and Approval Bureau of Mines Renovation – North Campus
-----------------------------	----------------	-------------------------------------------------------------------------------

Requested / Required Action: Approval

Functions: This project renovates the 16,817 gross square foot (GSF) Bureau of Mines Building, built in 1945 for the College of Sciences' dean and administrative offices. The renovation replaces antiquated building systems; fire suppression, HVAC, electrical, and plumbing. The project also addresses ADA (Americans with Disabilities Act) compliance as well as building code and State Energy Code issues.

Project Scope:	\$ 631,281	Design/Consultant Costs
	\$ 4,051,474	Construction
	\$ 1,317,245	Contingency/Other Project Costs
	\$ 6,000,000	Total Project Budget

Design Team: Clearscapes – Lead Designer
Sigma Engineered Solutions – (MEP & FP)

Master Plan Summary: The design creates an open offices environment that fosters collaboration and highlights the building structure. The design creates an accessible building that is useable by all people to the greatest extent possible by applying Universal Design concepts.

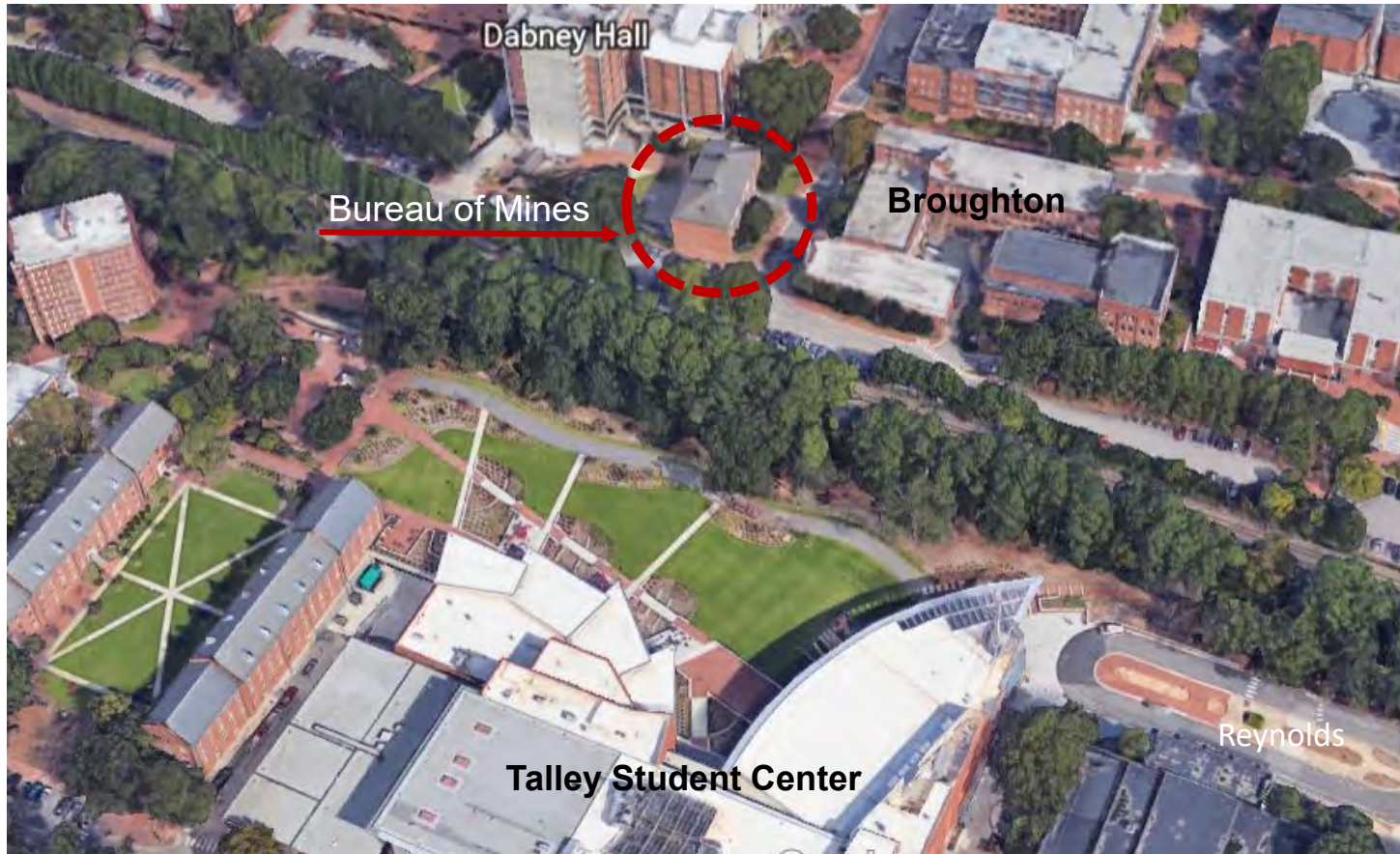
Recommendation: Reviewed by CDRP on November 28, 2018. Approval recommended.

Suggested Motion: Move approval of plans for the Bureau of Mines Renovation.

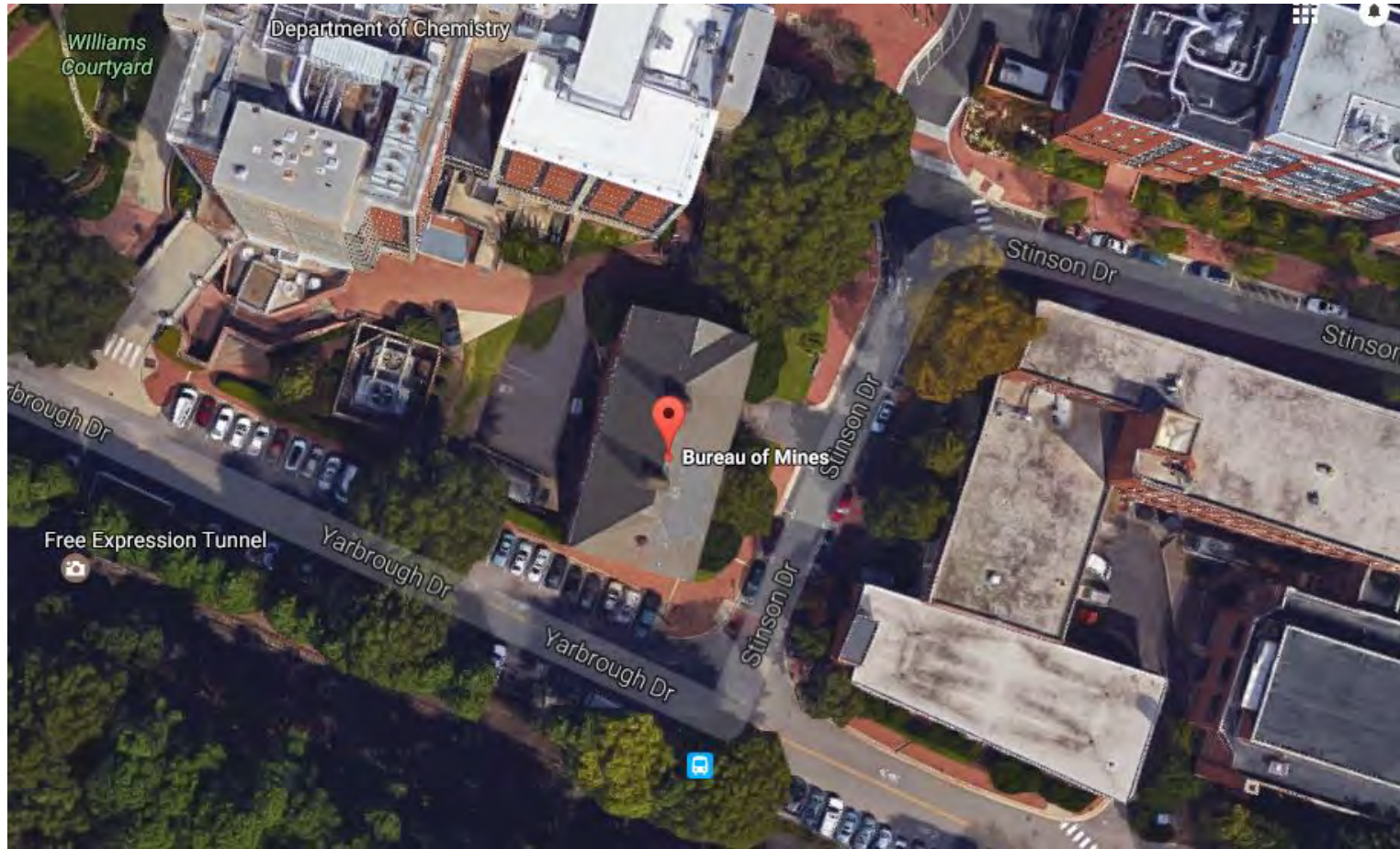
Funding Source: University Carry Forward - \$6,000,000

Responsible University unit University Presenter/Contact:	Office of Finance and Administration, Facilities Division Lisa Johnson, University Architect
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BUREAU OF MINES BUILDING RENOVATION



BUREAU OF MINES BUILDING RENOVATION



BUREAU OF MINES BUILDING RENOVATION

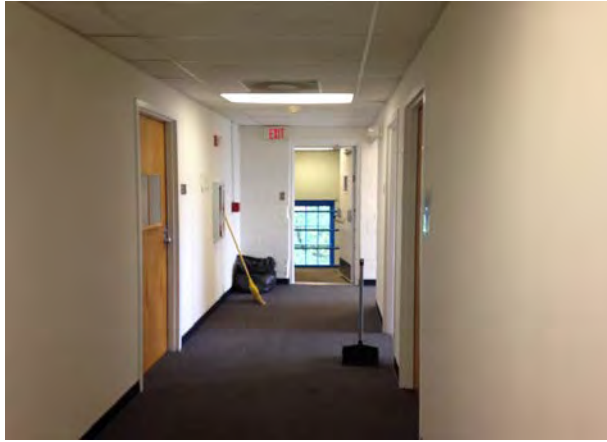
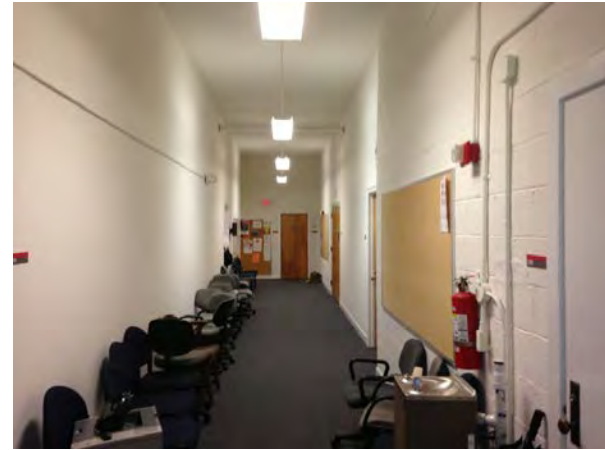
5.6.A.3



Existing Building Exterior



Existing Building Interior

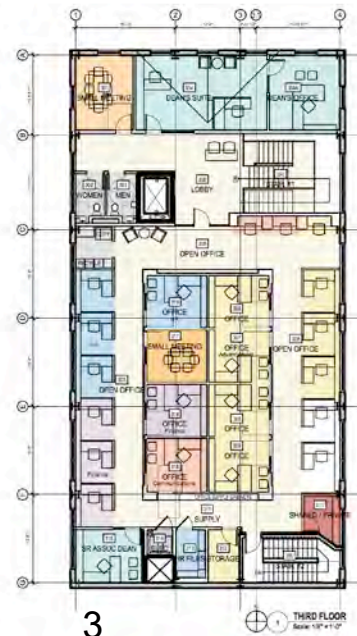
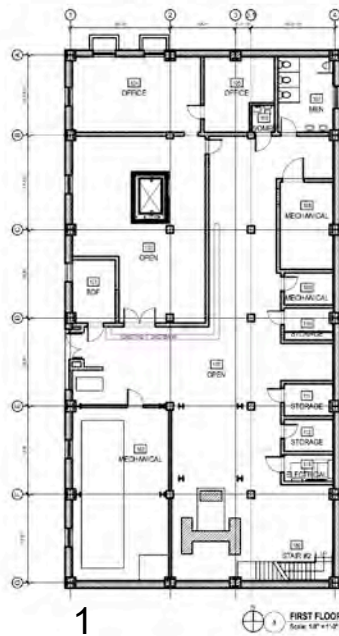
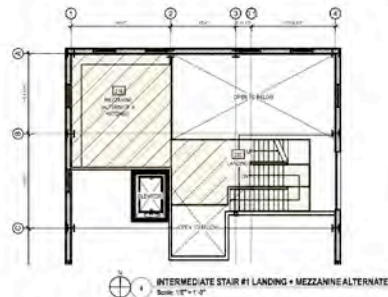


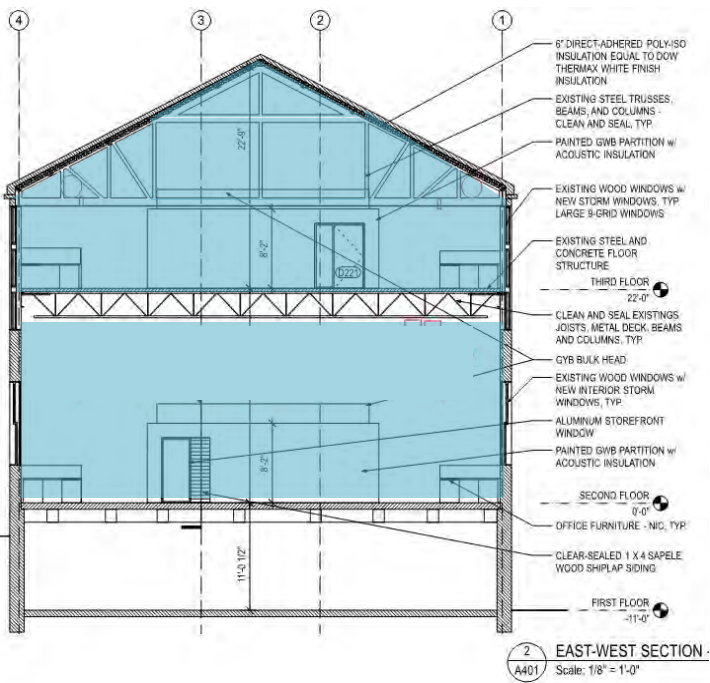
Rendering with “Future” Side Patio



New Accessible Entrance

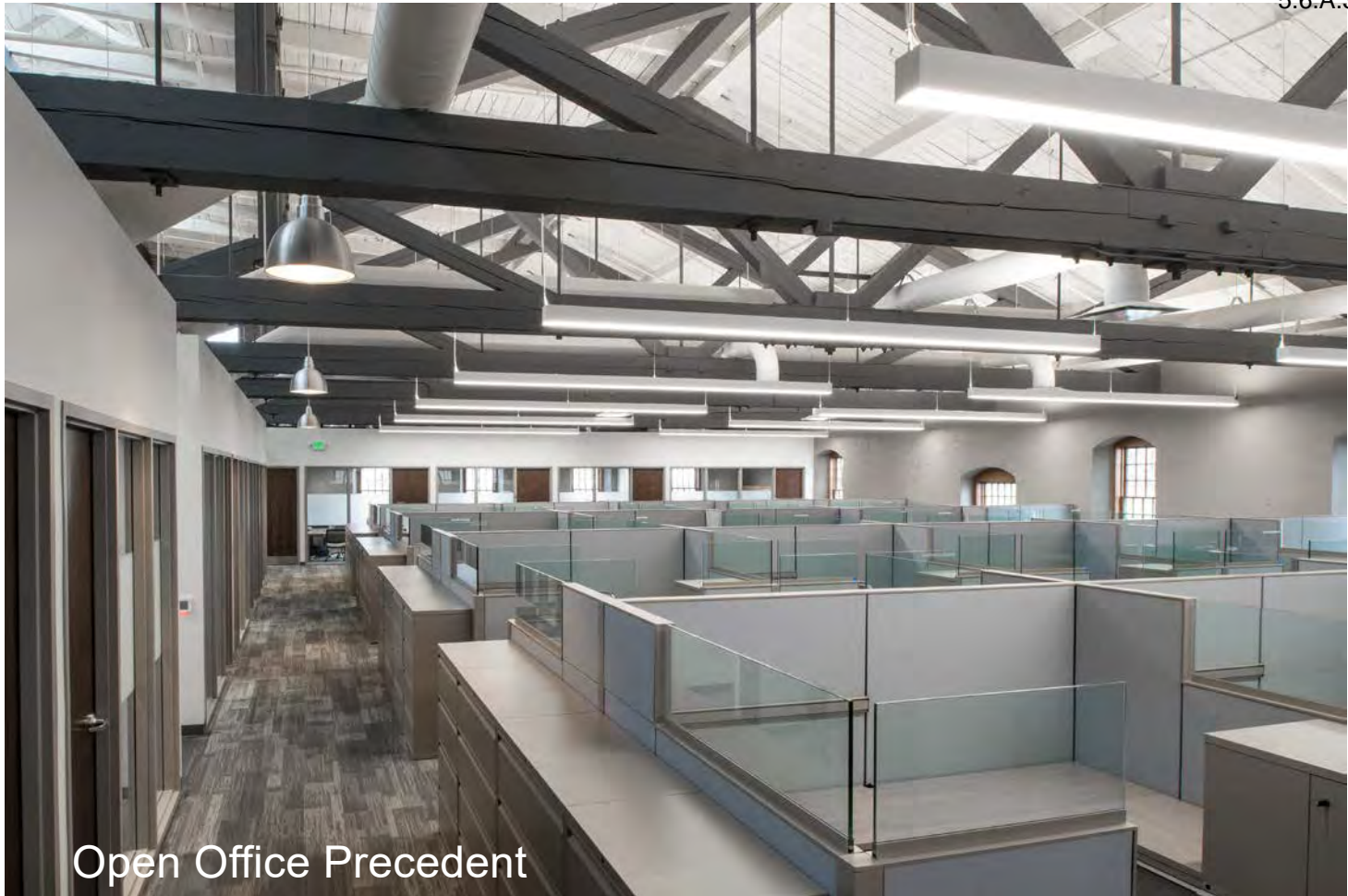




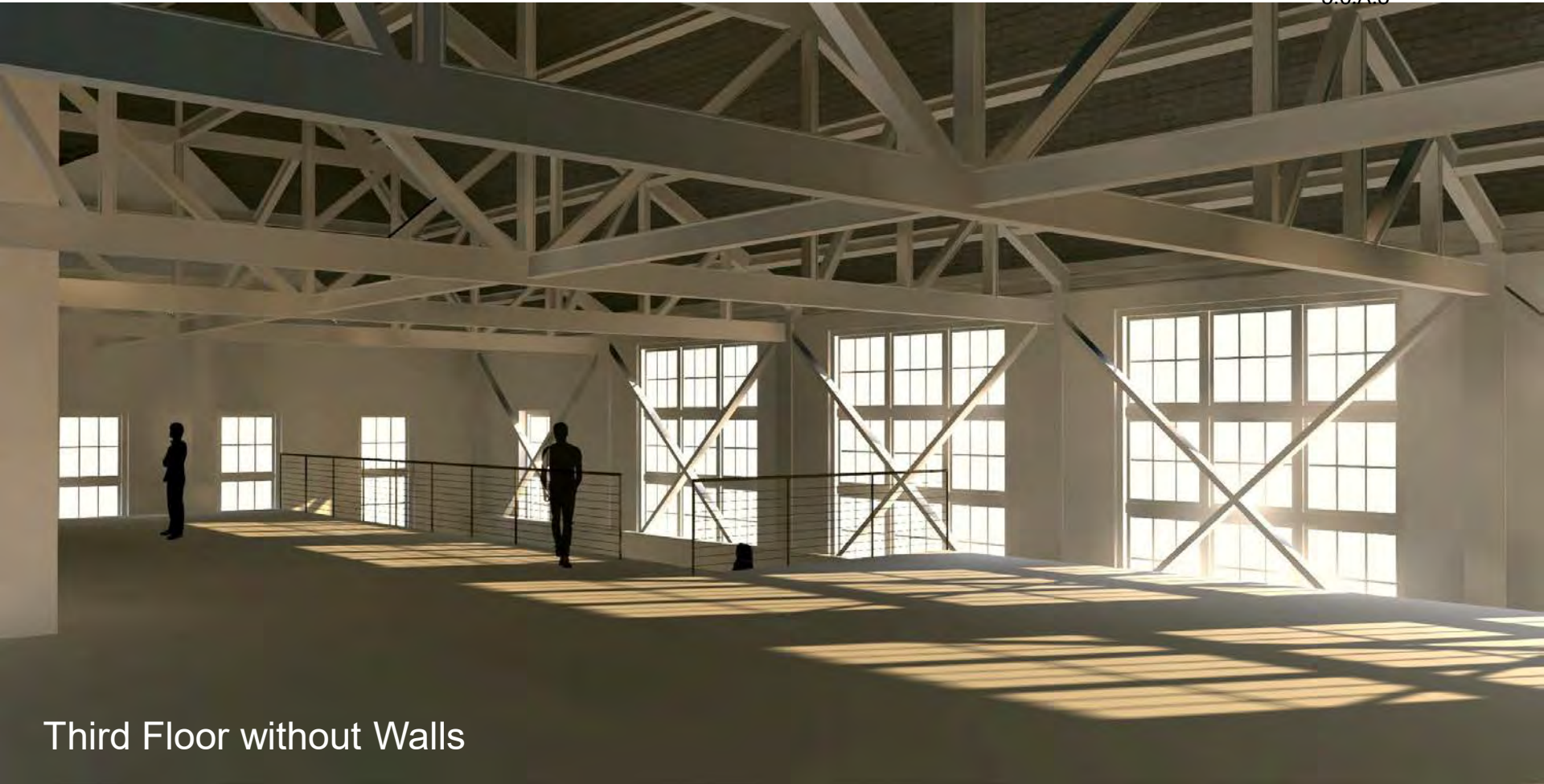


View of Lobby with New Open Stair





Open Office Precedent



Third Floor without Walls

Interior Sketches



Rendering with “Future” Side Patio



**Approval of Plans and Specifications of Formal Projects
\$2,000,000 or Less**

Note: The projects below are submitted to the Board of Trustees Buildings and Property Committee for formal acceptance of plans and specifications. This listing represents projects received since the November 15, 2018 meeting.

<u>Project</u>	<u>Construction Estimate</u>
Campus North and South Tunnels Project # 201720153 Steam Repairs Phase VIIC Designer: RMF Engineering Inc. Durham, NC Fund Source: University F&A Funds	\$ 1,398,618
Price Music Project # 201720105 HVAC Renovations Designer: Sud Associates PA Durham, NC Fund Source: DASA Trust Funds	\$ 816,114
Lake Wheeler Project # 201720124 Creamery Café & Education Center Design Build Selection Designer: Muter Construction Zebulon, NC Fund Source: CALS Trust Funds	\$ 769,425
Constructed Facilities Lab, Monteith Research Center Project # 201824143 Replacement of Falling Masonry at Overhead Soffits Designer: Atlas Engineering Raleigh, NC Fund Source: Repair and Renovations	\$ 445,732
Aurora, Bayview, Swan Quarter Halls Avent Ferry Complex A&B Project # 201820068 Site Improvements Designer: Timmons Group Raleigh, NC Fund Source: Housing Trust Funds	\$ 400,000

**Approval of Plans and Specifications of Formal Projects
\$2,000,000 or Less**

DH Hill Library	\$ 260,000
Project # 201820117	
Improve Exterior – North Entry	
Designer: The John R. McAdams Company	
Durham, NC	
Fund Source: Repair and Renovations	
 Williams Hall	 \$ 205,000
Project # 201720148	
Elevator Renovation	
Designer: The Wooten Company	
Raleigh, NC	
Fund Source: Repair and Renovations	
 Tri-Towers Residence Halls	 \$ 200,000
Project # 201820057	
Fall Protection	
Designer: Atlas Engineering	
Raleigh, NC	
Fund Source: Housing Trust Funds	
 207 & 209 Oberlin Road, 8 Ferndell Lane	 \$ 200,000
Project # 201820108	
Building Abatement & Demo	
Designer: Matrix Health & Safety	
Raleigh, NC	
Fund Source: Repair and Renovations	
 Scott Hall	 \$ 192,000
Project # 201720054	
Egress Modifications to Meet Life Safety	
Designer: Swanson + Stewart	
Raleigh, NC	
Fund Source: Repair and Renovations	
 Metcalf Residence Hall	 \$ 144,000
Project # 201820070	
Flooring Abatement	
Designer: Matrix Health and Safety	
Raleigh, NC	
Fund Source: Housing Trust Funds	
 Poe Hall	 \$ 105,024
Project # 201820109	
Lighting Retrofit to LED Fixtures	
Designer: Sigma Engineered Solutions	
Morrisville, NC	
Fund Source: Repair and Renovations	

Capital Projects at a Glance
as of December 31, 2018

NORTH CAROLINA STATE UNIVERSITY						
	Bid 2018					
	Bid 2019					
	Bid 2020					
	In Construction					
	Complete					
Code/Item	Project Name		Bid	Expected Acceptance	Total Project Budget	Remarks
41624-316	Murphy Center Sports Medicine	Design	12/5/18	6/14/19	\$1.0M	Requesting Award
41724 305	Rigging Replacement Stewart Theatre	Design	12/13/18	8/16/19	\$1.1M	Requesting Award
41724-317	Fuel Oil Tank Expansion	Design	1/17/19	7/27/19	\$825K	Bid Advertisement Underway
41724 316	Steam Repairs Phase 8C - North/South tunnel	Design	1/31/19	8/24/20	\$1.8M	CD Revisions Underway
41624 331	B104 Lab Renovation, CVM Main Building	Design	2/5/19	8/16/19	\$2.0M	Preparing to Advertise
41624 310	Exterior Lighting LED Conversion	Design	2/7/19	8/16/19	\$1.5M	CD Review Underway
41724 310	Price Music HVAC Renovations	Design	2/13/19	7/31/19	\$975K	CD Review Underway
41624 311	DH Hill Academic Success Center	Design	2/22/19	5/27/20	\$14.2M	CD Production Underway
41524 314	Plant Sciences Building	Design	4/25/19	2/10/22	\$150.6M	CD Production Underway
41724 308	Creamery Café & Education Center	Design	4/27/19	12/24/19	\$1.2M	CD Production Underway
41624 312	Bureau of Mines Renovation	Design	7/10/19	8/6/20	\$6M	CD Production Underway
41724 306	Equine Isolation Unit - CVM	Design	9/2/19	4/14/20	\$1.0M	Reduced Scope Being Identified
41824 311	Elevator Additions- Tucker & Owen Residence Halls	Design	10/27/19	3/16/20	\$1.4M	Preparing to Advertise
41724 313	Renovation of Memorial Belltower	Design	12/10/19	1/20/21	\$6.5M	Programming Underway
41624 325	Steam Tunnel Structure Repairs-Main Campus	Construction		1/11/19	\$950K	91% Construction Complete
41224 370	Energy Performance Contracting #4, CCUP Cogen	Construction		1/11/19	\$20.2M	99% Construction Complete
41524 341	Scott Hall HVAC Upgrades	Construction		1/15/19	\$750K	80% Construction Complete
41524 339	Murphy Center Broadcast Studio	Construction		1/18/19	\$5.6M	90% Construction Complete
41424 314	CC Thermal Utilities & Infrastructure (CTI, COT & MRC)	Construction		1/24/19	\$12.975M	98% Construction Complete
41524 340	Dearstyne Entomology and Avian HVAC Upgrades	Construction		1/30/19	\$1.5M	70% Construction Complete
41424 310	CBC Chiller Plant Expansion	Construction		1/31/19	\$4.98M	97% Construction Complete
41324 357	North & Central Electrical Distribution - Phase 1	Construction		1/31/19	\$4.1M	85% Construction Complete
41524-337	Carbon Electronics Cluster Lab Renovations	Construction		2/28/19	\$1.3M	45% Construction Complete
41624 339	DH Hill & Poe Waterproofing	Construction		3/1/19	725K	32% Construction Complete
41524 336	Reedy Creek Equine Farm	Construction		3/18/19	\$3.0M	70% Construction Complete
41224 352	Centennial Campus Substation Expansion-Phase 1 & 2	Construction		4/1/19	\$7.3M	87% Construction Complete
41524 338	Dabney Hall HVAC and METRIC	Construction		6/27/19	\$4.5M	Contracts Circulating
41724 311	ES King Village Roof Replacements - Ph 3	Construction		7/12/19	\$1.37M	60% Construction Complete
41624 318	Greek Village Phase 3 Infrastructure	Construction		8/16/19	\$5.5M	50% Construction Complete
41524 314	Centennial Campus Utility Infrastructure (TES)	Construction		4/24/20	\$9.6M	0% Construction Complete
41524 313	Engineering Building Oval	Construction		6/30/20	\$137M	24% Construction Complete
41624 302	Carmichael Renovation & Expansion	Construction		7/31/20	\$45M	10% Construction Complete

STATUS OF PROJECTS IN PLANNING
Trustees' Buildings and Property Committee
and Campus Design Review Panel

SUBMITTAL NUMBER	PROJECT NAME	SCOPE	DESIGNER		TRUSTEE'S BPC SITE SELECTION		CAMPUS DESIGN REVIEW PANEL		TRUSTEE'S BPC REVIEW		PLAN	CONSTRUCTION	DURATION
			FIRM NAME	DATE SELECTED	REVIEW	APPROVAL	REVIEW	RECOMMENDATION	REVIEW	APPROVAL		ESTIMATED START	ESTIMATED COMPLETION
157	Academic Success Center	\$14,234,213	Lord Aeck Sargent	2/24/17	NA		10/31/18	10/31/18	2/21/19			May, 2019	June, 2020
158	D.H. Hill North Exterior Improvements	\$440,000	NC State University Facilities Division	in-house	2/21/19		11/28/18	11/28/18	2/21/19			January, 2010	April, 2019
159	Bureau of Mines Renovation	\$6,000,000	Clearscapes Architecture + Art	02/13/17	NA		NA		2/21/19			July, 2019	August, 2020
	Upcoming Projects												
	Student Housing Master Plan	\$250,000	LS3P Associates, Ltd.	4/13/18			2/27/19					NA	NA
	Belltower Restoration	\$6,028,971	New Atlantic Contracting (w/ Walter Robbs Architecture)	5/24/18			2/27/19		4/18/19			November, 2019	December, 2020
	Approved Projects												
148	Carmichael Gym Addition & Renovation	\$45,000,000	CRA Associates, Inc.	11/05/16	9/21/17	9/21/17	10/25/17 7/26/2017	10/25/17	11/16/17	11/16/17		November, 2018	August, 2020
007	The Shores Residential Project - Phase I	\$25,000,000	White Oak Properties J Davis Architects			2/18/99	4/26/00 3/22/00 2/1/00	8/29/07 4/26/00	2/17/00 4/15/99	4/27/00		July, 2015	December, 2019
137	Sigma Phi Epsilon House	\$3,000,000	Hager Smith	2012	9/10/15		9/30/15 7/29/15	9/30/15 7/29/15	11/12/15 9/10/15			Summer 2017	Fall, 2019
140	Centennial Campus Utility Plant (Cogeneration and Building Addition)	\$18,226,054	AEI and Flad	4/19/13	NA		2/24/16	2/24/16	NA			March, 2017	January, 2019
143	Lambda Chi House	\$4,600,000	Carl Winstead, AIA	June, 2015	2/16/17	2/16/17	11/30/16	11/30/16	2/16/17	2/16/17/		June, 2017	Fall, 2020
145	Reedy Creek Equine Farm Therio Phase A	\$2,400,000	Szotak Design, Inc.	8/22/16	4/20/17		1/25/17	1/25/17	4/20/17			April, 2018	January, 2019
150	Case Academic Dining Addition	\$1,999,000	RND Architects	08/24/16	9/21/17	9/21/17	7/26/17	7/26/17	9/21/17	9/21/17		April, 2018	August, 2019
146	Engineering Building Oval	\$154,000,000	Clark Nexsen	11/18/08	4/20/17	4/20/17	7/26/17 3/29/17	7/26/17	9/21/17	9/21/17		March, 2018	June, 2020
149	Thermal Energy Storage	\$9,600,000	RMF Engineering	10/14/16	9/21/17	9/21/17	5/31/17	5/31/17	9/21/17	9/21/17		January, 2018	December, 2019
151	Plant Sciences Building	\$160,200,000	Flad Architects	09/15/16	2/15/18	2/15/18	3/23/18 1/31/2018	3/23/18	04/19/18 2/15/2018	4/19/18		July, 2019	December, 2021
152	Kappa Alpha Theta House	\$5,500,000	Cline Design	June, 2017	4/19/18	4/19/18	3/28/18	3/23/18	4/19/18	4/19/18		Spring, 2019	June, 2020
153	Sigma Kappa House	\$5,500,000	CJMW Architecture	Fall 2017	9/20/18	9/20/18	5/30/18	5/30/18	9/20/18	9/20/18		Feb, 2019	March, 2020
154	Zeta Tau Alpha House	\$6,100,000	Hug & Associates Architects	Fall 2017	9/20/18	9/20/18	5/30/18	5/30/18	9/20/18	9/20/18		June, 2019	July, 2020
155	Alpha Delta Pi House	\$5,500,000	Cline Design	Spring 2018	11/15/18	11/15/18	9/26/18	9/26/18	11/15/18	11/15/18		Spring, 2020	May, 2021
156	Lake Wheeler Road Creamery	\$1,248,870	Muter Construction (w/ Louis Cherry Architecture)	5/10/18	11/15/18	11/15/18	10/31/18	11/14/18	11/15/18	11/15/18		February, 2019	October, 2019

**BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY
AGENDA**

**University Advancement and External Affairs Committee
1:15 p.m. – 3:00 p.m., February 21, 2019
Chancellor's Conference Room – Holladay Hall**

**Stan Kelly, Chair
Members: Chip Andrews, Wendell Murphy, Ven Poole,
Dewayne Washington, Ed Weisiger, Jr.**

CALL TO ORDER

Stan Kelly, Chair of Committee

ROLL CALL

Stan Kelly, Chair of Committee

READING OF STATE GOVERNMENT ETHICS ACT CONFLICT OF INTEREST STATEMENT

Stan Kelly, Chair of Committee

- | | | |
|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| 1. | CONSENT AGENDA
Approval of November 15, 2018 Minutes | TAB 6.1
6.1A |
| 2. | INFORMATIONAL REPORTS | TAB 6.2 |
| | A. University Advancement Update
<i>Brian Sischo, Vice Chancellor, University Advancement</i> | 6.2A |
| | B. Fundraising and Campaign Report
<i>Jim Broschart, Associate Vice Chancellor, University Development</i> | 6.2B |
| 3. | COMMITTEE DISCUSSION | TAB 6.3 |
| | A. Advancement Five Year Roadmap Project
<i>Brian Sischo, Vice Chancellor, University Advancement</i> | 6.3A |
| | B. Day of Giving Overview
<i>Adam Compton, Director of Special Projects and Fundraising Initiatives
and Interim Executive Director, Annual Giving</i> | 6.3B |

- | | | |
|----|---------------------------------------------------------------------------------------------------------|------|
| C. | Naming Opportunity Proposals
<i>Jim Broschart, Associate Vice Chancellor, University Development</i> | 6.3C |
|----|---------------------------------------------------------------------------------------------------------|------|

4.	CLOSED SESSION	TAB 6.4
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- | | | |
|------|----------------------------------------------------------------------------|------|
| A. | Approval of November 15, 2018 Closed Session Minutes * | 6.4A |
| ✓ B. | Request Approval for Naming Specific University Facilities
and Programs | 6.4B |

ADJOURN

* Committee Approval

✓ Full Board Approval



CONSENT AGENDA

Approval of November 15, 2018 Minutes

University Advancement and External Relations Committee
Board of Trustees
North Carolina State University
November 15, 2018

Open Session Minutes

The University Advancement Committee of the Board of Trustees of North Carolina State University met in Open Session at 1:15 p.m. in the Chancellor's Conference Room in Holladay Hall.

Chair Kelly called the session to order and read the State of North Carolina's Government Ethics Act.

Chair Kelly called roll then presented the consent agenda and the minutes from the September 20, 2018 meeting, which were approved. He then asked Vice Chancellor Brian Sischo to provide a University Advancement update. Brian shared that among the highlights of Red & White week were the Holmes Hall dedication, honoring the university's first African-American graduate, Irwin Holmes; the Wilson College of Textiles announcement, marking the university's second named college; the Red & White Night celebration, which was our largest ever with over 700 attendees; and most importantly, Chancellor Woodson's announcement during his fall address that we've achieved \$1.4 billion of our \$1.6 billion campaign goal.

Brian also briefed the committee on the University Advancement five-year strategic planning road map project, which will result in all units of University Advancement operating at the highest levels. A steering committee which includes deans, Trustees and other key volunteers will help provide feedback to help determine specific pathways to success. The goal is to "leapfrog" from a good advancement shop to the best operation in the country.

Next, Development Associate Vice Chancellor Jim Broschart presented a campaign and fundraising update, stating that we now stand at 88% of goal as of October 31 with a total of \$1.402 billion. Jim reported that year-to-date totals in gifts and new commitments is at \$84 million and shared metrics that reflect how we can reach \$2 billion. He shared areas of optimism such as the campaign pace and untapped potential, along with cautions that include probable changes in the economic environment.

Advancement Services Associate Vice Chancellor Kushal Dasgupta then provided an update, sharing that his unit's goal is to ensure that our frontline fundraisers have the data they need to be successful. A key highlight from FY18 was building a lasting advancement infrastructure, which included creating one donor records database through the integration of Wolfpack Club and College of Textiles gift records. Kushal also pointed out that we successfully ushered in the increase of endowment minimums from \$25 thousand to \$50 thousand, and that Advancement Services processed 30% more gifts in FY18 than the previous year.

Jim Broschart returned and presented four naming opportunity proposals totaling approximately \$100 million dollars in gift potential, including naming opportunities for the Wellness and Recreation Center, the PCOM Dean's suite, The Wolfpack Turf Statue at the Murphy Football Center and a specialized CALS room in the Weaver labs; all four were approved.

The committee then moved to go into closed session to review six naming proposals, all of which were approved to present to the full board. Next, Brian Sischo presented Watauga Medal recommendations on behalf of Chancellor Woodson. From nine nominees and six finalists, the selection committee recommended three nominees to the Chancellor; all three were approved to be presented to the board for final approval. The motion was then made to return to open session and with no further business, the meeting was adjourned.

Respectfully submitted,

Stan Kelly
Chair



INFORMATIONAL REPORTS

University Advancement Update

Fundraising and Campaign Report



NC STATE

THINK AND DO
THE EXTRAORDINARY

FY19 Development Activity Reports

December 31, 2018

Office	FTE	Visits Count	Discovery Qualifications Count	Major Asks Count	Total Asked Amount	Number of Closed Asks Count	Total Granted Amount
CEN	11.85	227	219	43	\$71,686,405	59	\$58,186,948
CALS	6.25	307	39	45	\$20,834,045	26	\$3,731,817
CHASS	2.5	69	23	11	\$2,130,000	4	\$1,200,000
CNR	2	87	25	10	\$945,000	5	\$210,000
COS	1.5	81	14	11	\$1,090,000	7	\$5,121,194
DES	1.48	65	7	4	\$265,000	8	\$611,306
DSA	2.05	77	38	11	\$925,000	7	\$702,500
EDU	0.75	10	1	4	\$306,750	6	\$567,250
ENG	5.5	207	37	22	\$10,107,000	21	\$3,203,906
KI	1	6		3	\$225,000	3	\$135,000
LIB	1.5	46	10	6	\$350,000	6	\$677,422
Provost Office		44	16	18			
PCOM	2.5	129	33	13	\$14,640,000	12	\$962,972
TEX	1.75	68	5	14	\$41,366,000	7	\$29,315,000
VTM	0.75	63	10	22	\$13,285,000	25	\$14,141,466
Wolfpack Club	3.3	145	50	36	\$10,035,000	28	\$8,210,000

*Outcomes do not include administratively qualified, transfers or in process outcomes

Office	Last Name	FTE	Visits		Discovery		Major & PG Ask			Major & PG Closed	
			Count	Goal*	Count	Goal*	Count	Goal*	Amount	Count	Amount
ADV	Sischo										
	Walker										
CEN	Compton										
	<i>Price (12-31-2018)</i>	0%	37	144	33	48	5	12	\$475,000	3	\$115,000
	Ricciardi										
	Royer	100%	35	144	40	48	10	12	\$1,020,105	8	\$523,938
	Taylor	100%	45	108	8	24	10	15	\$1,100,000	9	\$1,385,000
	<i>Wilkerson (09-18-2018)</i>										
	Welch	100%	110	144	138	48	18	10	\$4,120,300	7	\$262,080
CENCF	Evelhoch										
	Manshack										
	McLaren										
CENGP	Masich										
	Miller										
CAL5	Anderson	100%	43	144	4	60	4	18	\$1,200,000		
	Brogdon	100%	5	96		60		13			
	Cammarene-Wessel										
	Colby	100%	56	144	13	48	7	18	\$690,000	1	\$20,000
	Kennel										
	Maxwell										
	Murphy	100%	48	144	2	36	6	20	\$12,975,000	4	\$719,000
	Stewart										
	Teague	100%	61	144	3	48	6	18	\$1,762,000	5	\$197,676
	Thornton	75%	66	144	11	48	6	15	\$2,175,000	7	\$2,150,000
CHASS	Engler	50%	3	60	1	24	3	6	\$400,000	1	\$100,000
	Knight	100%	35	108	17	60	2	5	\$1,050,000	2	\$1,050,000
	Orbin	100%	31	120	5	36	6	10	\$930,000	1	\$50,000

Office	Last Name	FTE	Visits		Discovery		Major & PG Ask			Major & PG Closed	
			Count	Goal*	Count	Goal*	Count	Goal*	Amount	Count	Amount
CNR	De Fuenmayor										
	Piercy	25%	4	48	4	12	2	6	\$60,000		
	Viets	100%	52	156	21	60	6	12	\$310,000	4	\$185,000
COS	Matthews	50%	37	72	2	12	6	18	\$740,000	6	\$571,194
	Thompson	100%	44	144	12	48	5	15	\$350,000	1	\$4,550,000
DES	Driscoll	75%	36	108	4	36	2	13	\$100,000	5	\$331,120
	Hage	33%	14	48	1	12		60			
	Livaudais	40%	15	60	2	120	2	6	\$165,000	3	\$280,186
DSA	Orr	75%	31	108	4	24	5	12	\$600,000	4	\$412,500
	Peterson	55%	27	72	3	24	5	8	\$275,000	3	\$290,000
	Seltzer	75%	19	96	31	60	1	9	\$50,000		
EDU	Friedrick	75%	10	108	1	36	4	15	\$306,750	6	\$567,250
ENG	Bremer	50%	46	120	3	24	7	15	\$1,631,000	8	\$735,000
	Campbell	50%	16	120	2	24	4	15	\$1,934,000	6	\$1,758,344
	Grady										
	Hughes	50%	9	24		0		0		3	\$791,000
	Kremer	100%	24	144	9	48		15			
	Price	100%									
	Schranz	0%	8	144	1	24	2	15	\$3,000,000		
	Smith	100%	48	156	16	60	4	14	\$947,000	2	\$200,000
	Walsh	100%	56	144	6	36	5	15	\$1,315,000		
KI	Vogel	100%	6	48		0	3	6	\$225,000	3	\$135,000
LIB	Droll	50%	10	60		12	5	8	\$350,000	5	\$657,422
	Morrison	100%	36	84	10	36	1	6	\$100,000	2	\$355,000
Provost	Reevy	65%	44	156	16	24	18	12	\$2,661,950	4	\$211,660
PCOM	Manning	100%	49	108	21	24	2	6	\$1,690,000	4	\$280,000
	Reid	50%	48	72	6	12	5	10	\$12,525,000	3	\$235,972
	Stokley										
TEX	Bhada	50%	24	75	1	12	6	10	\$39,925,000	3	\$28,590,000
	Priest	50%	3	60	1	120		10			
	Ward	75%	41	120	3	12	8	10	\$36,941,000	6	\$29,225,000
VTM	Buckles	50%	55	108	10	48	22	15	\$11,440,000	16	\$10,859,622
	Dunning	25%	8	36		24		5		1	\$2,000,000
	Hooper										
Wolfpack Club*	Bostian	100%	61		26		7		\$875,000	4	\$475,000
	Clark	100%	14		5		19		\$7,625,000	20	\$7,025,000
	Correll	15%	5		3		3		\$410,000	3	\$410,000
	Hull	100%	64		16		5		\$650,000		
	Purcell	15%	1				2		\$2,750,000	2	\$1,750,000

NC STATE UNIVERSITY

**THINK AND DO
THE
EXTRAORDINARY**



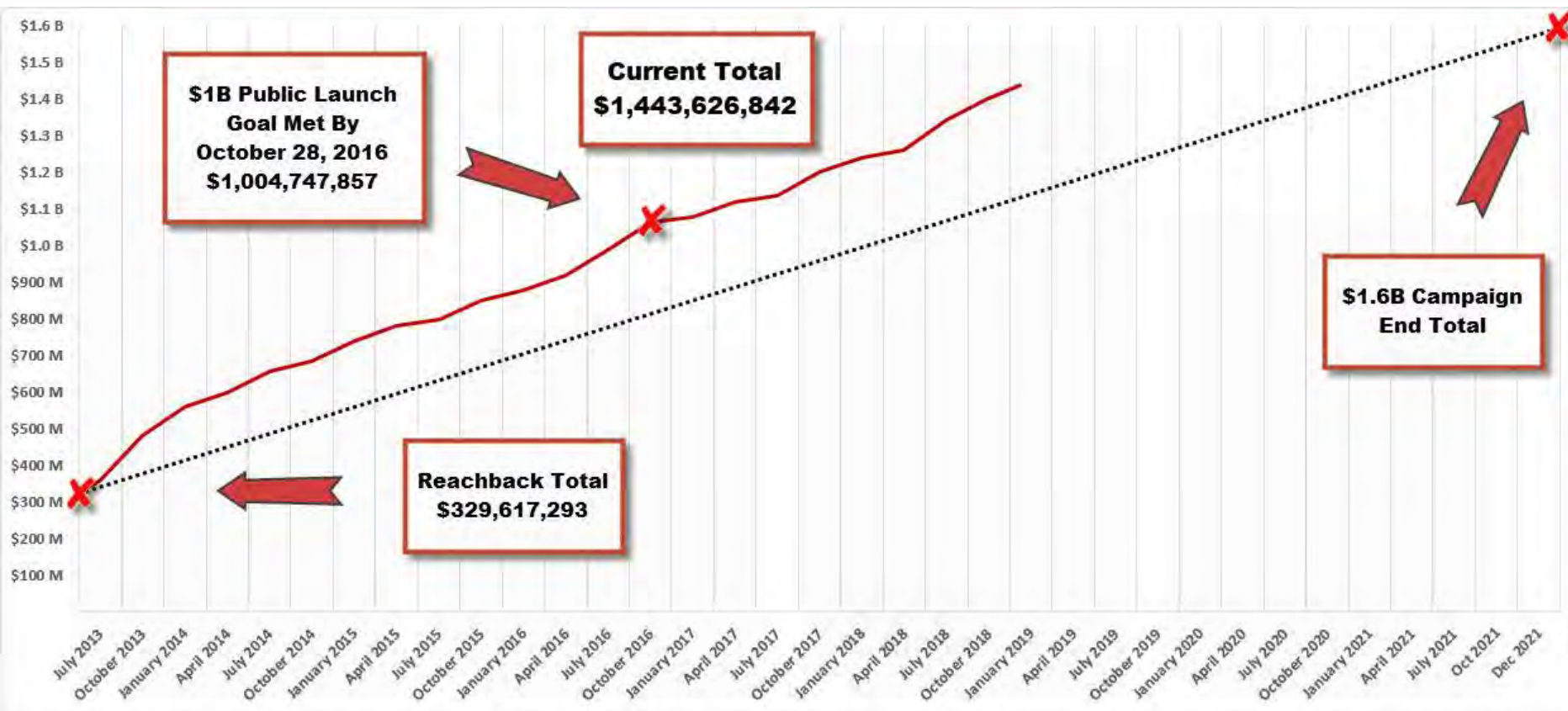
The Campaign for NC State

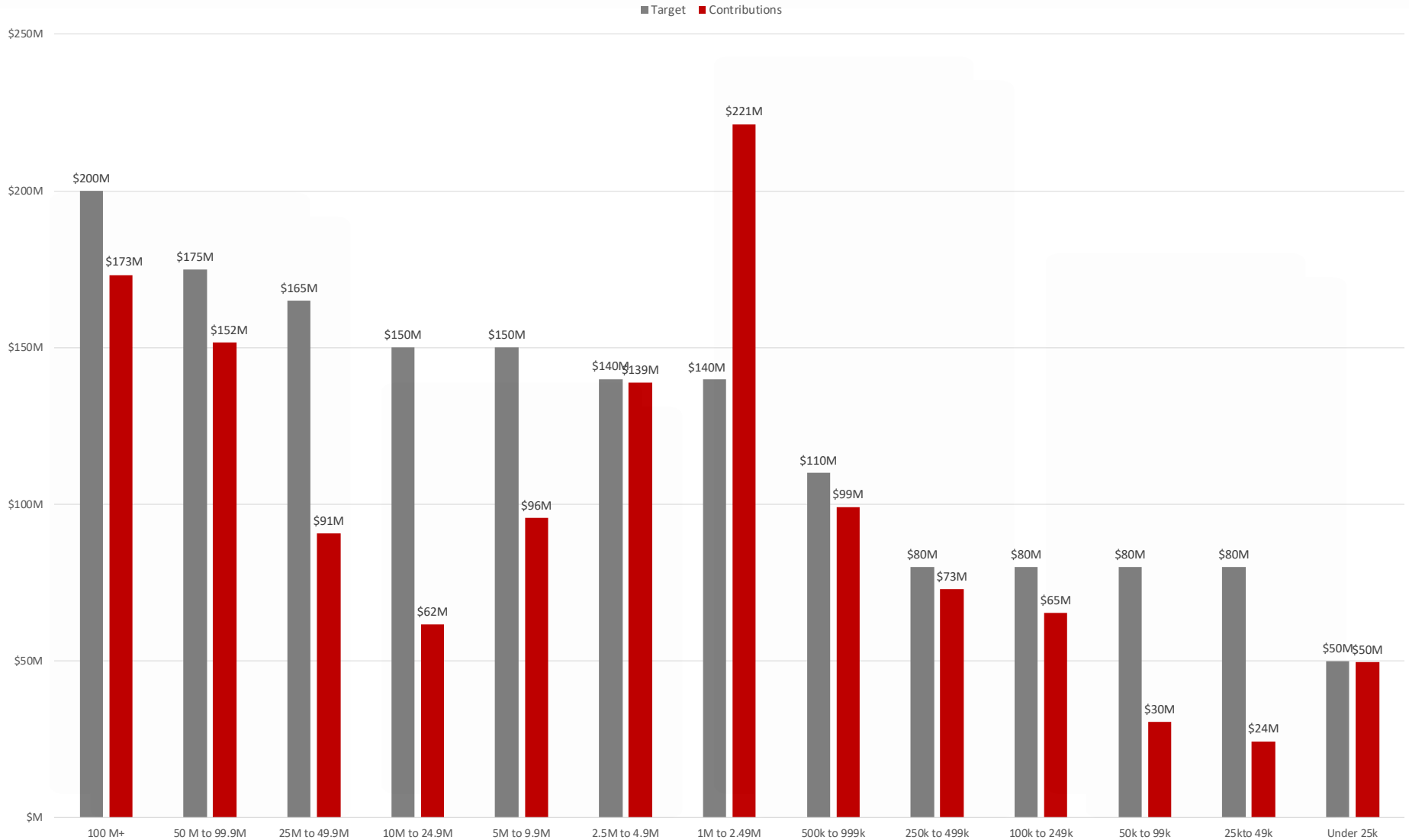
December 31, 2018



Campaign Reports

December 31, 2018





GOAL				RAISED TO DATE			YET TO BE RAISED	
Gift Range	# Donors	Dollars	% to Goal	# Donors	Dollars	% to Goal	# Additional Donors	# Additional Dollars
\$100,000,000 or Greater	1	\$200,000,000	13%	1	\$173,149,200	87%	0	\$26,850,800
\$50,000,000 to \$99,999,999	3	\$175,000,000	11%	2	\$151,537,692	87%	1	\$23,462,308
\$25,000,000 to \$49,999,999	6	\$165,000,000	10%	3	\$90,755,840	55%	3	\$74,244,160
\$10,000,000 to \$24,999,999	12	\$150,000,000	9%	4	\$61,733,983	41%	8	\$88,266,017
\$5,000,000 to \$9,999,999	25	\$150,000,000	9%	14	\$95,547,712	64%	11	\$54,452,288
\$2,500,000 to \$4,999,999	50	\$140,000,000	9%	39	\$138,887,005	99%	11	\$1,112,995
\$1,000,000 to \$2,499,999	125	\$140,000,000	9%	145	\$221,315,530	158%	-20	-\$81,315,530
Subtotal	222	\$1,120,000,000	70%	208	\$932,926,963	83%	14	\$187,073,037
\$500,000 to \$999,999	200	\$110,000,000	7%	148	\$99,178,542	90%	52	\$10,821,458
\$250,000 to \$499,999	300	\$80,000,000	5%	217	\$72,958,561	91%	83	\$7,041,439
\$100,000 to \$249,999	600	\$80,000,000	5%	430	\$65,408,630	82%	170	\$14,591,370
\$50,000 to \$99,999	1500	\$80,000,000	5%	461	\$30,464,587	38%	1039	\$49,535,413
\$25,000 to \$49,999	3000	\$80,000,000	5%	745	\$24,328,689	30%	2255	\$55,671,311
Under \$25,000	Many	\$50,000,000	3%	Many*	\$49,607,009	99%	Many	\$392,991
Subtotal	5600	\$480,000,000	30%	2001	\$341,946,018	71%	3599	\$138,053,982
Wolfpack Club/Textiles++				**	\$168,753,861			
Campaign Totals	5822	\$1,600,000,000	100%	65679	\$1,443,626,842	90%	3613	\$156,373,158

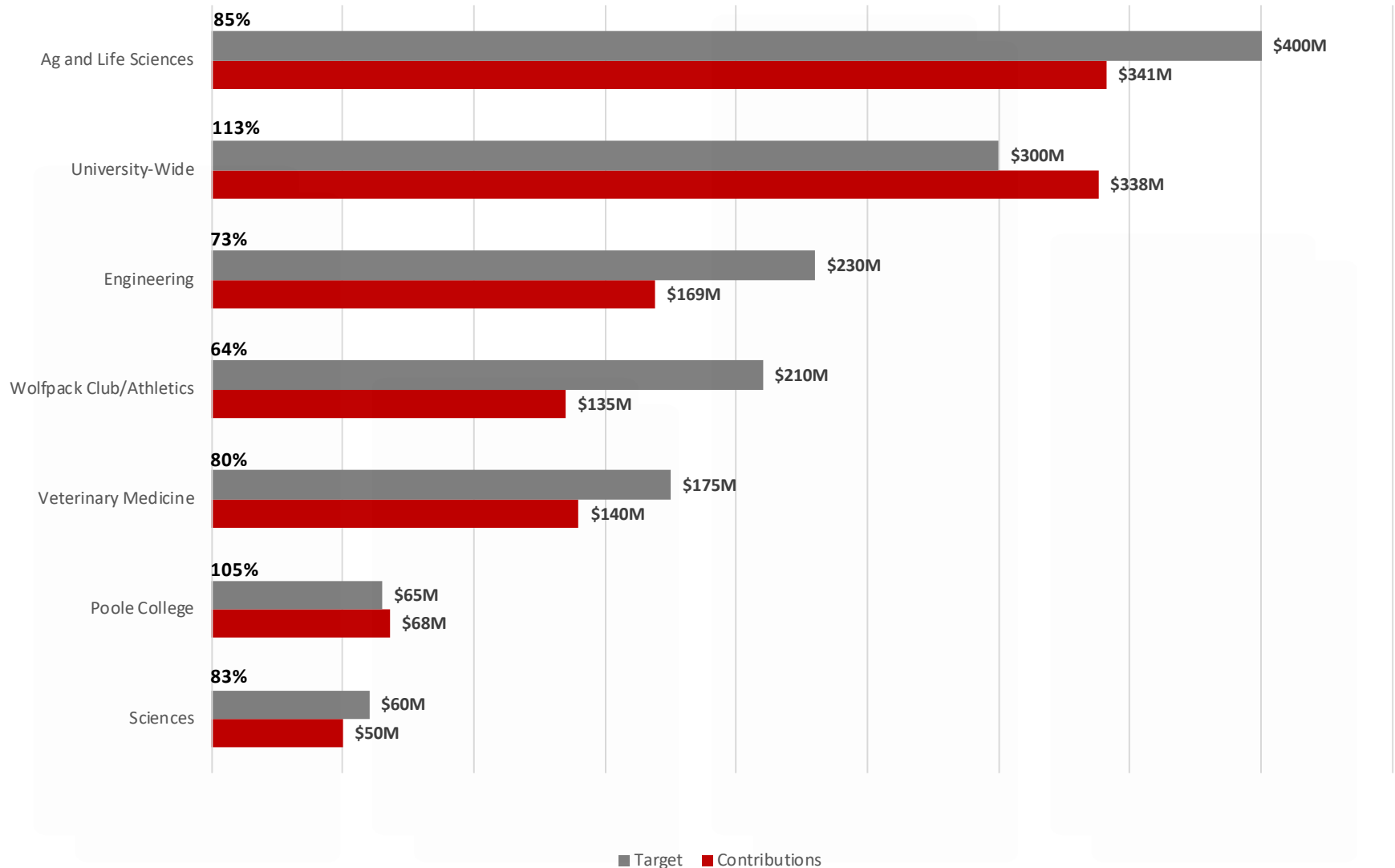
Wolfpack Club/Textiles++ information is reflected in the total dollars raised, but not on the the donor level.

** Excludes WPC/Textiles Transactions processed in Advance.

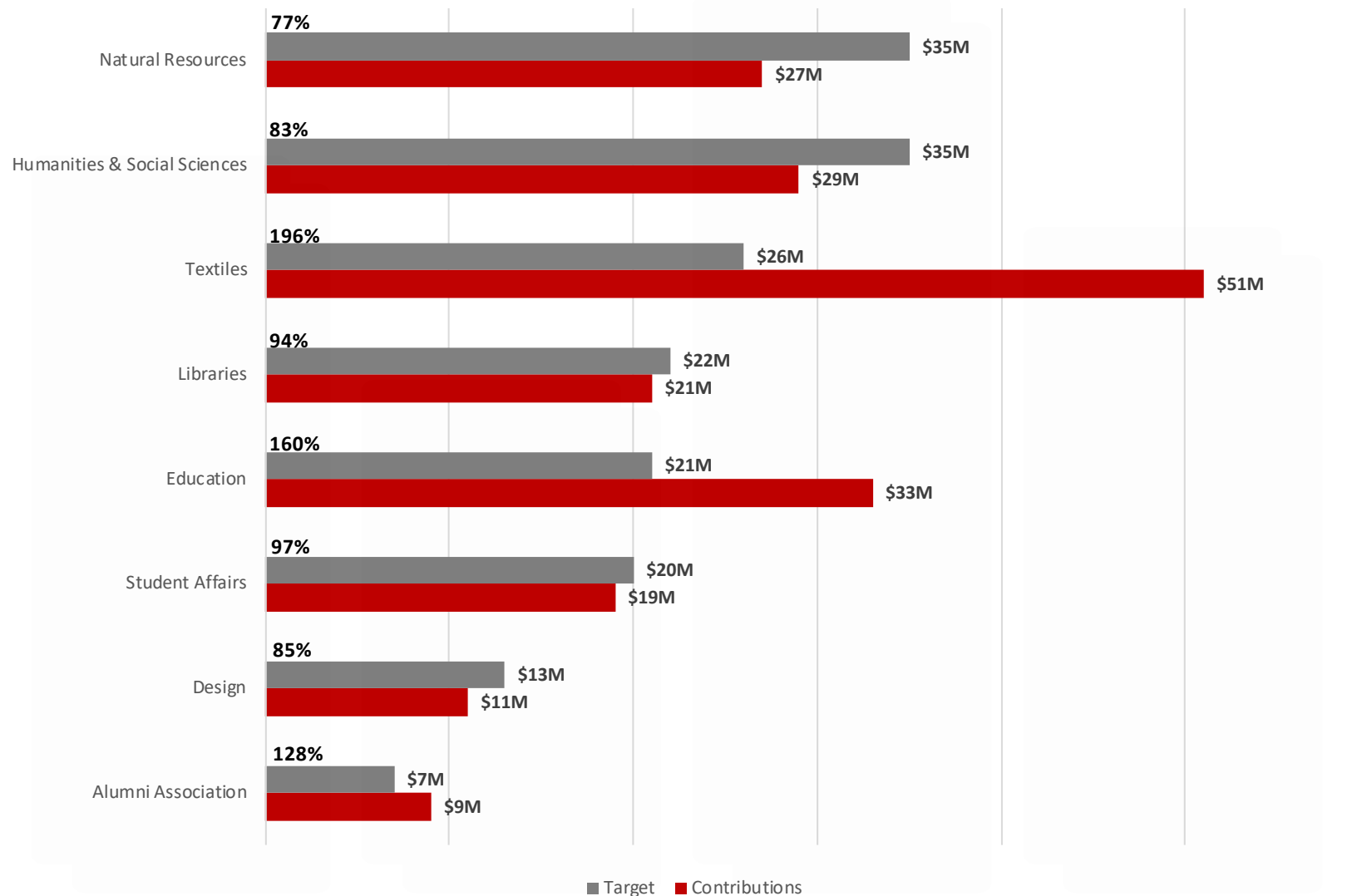
Donors is the total number of households and organizations

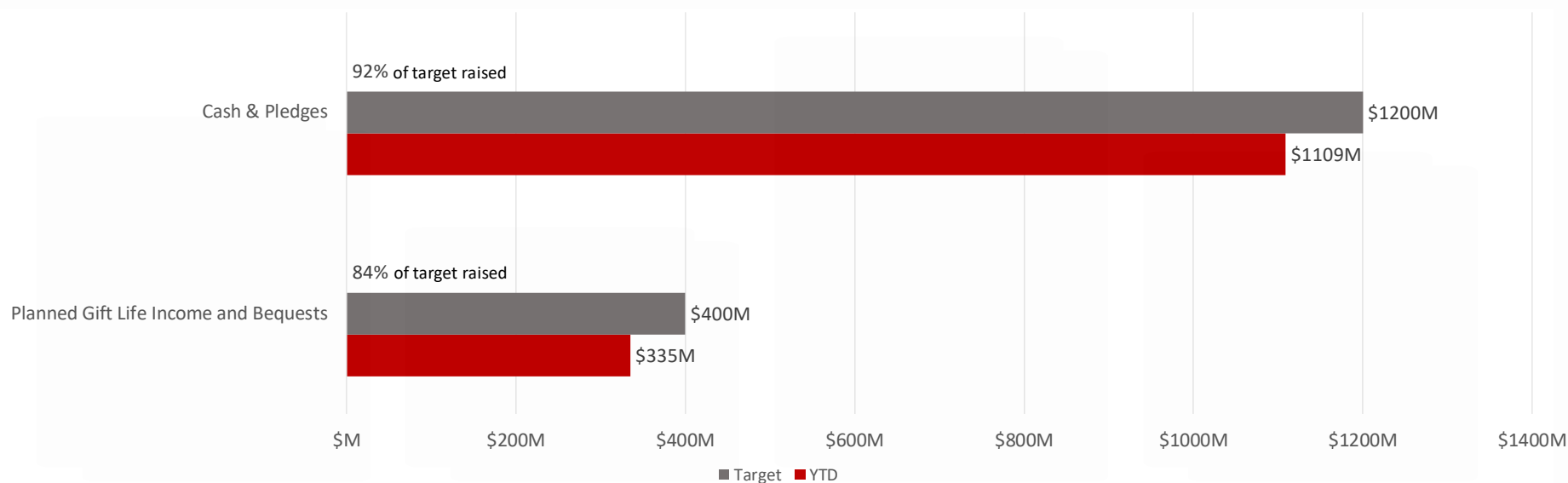
* 63,470 donors to date

TARGET \$50M - \$400M

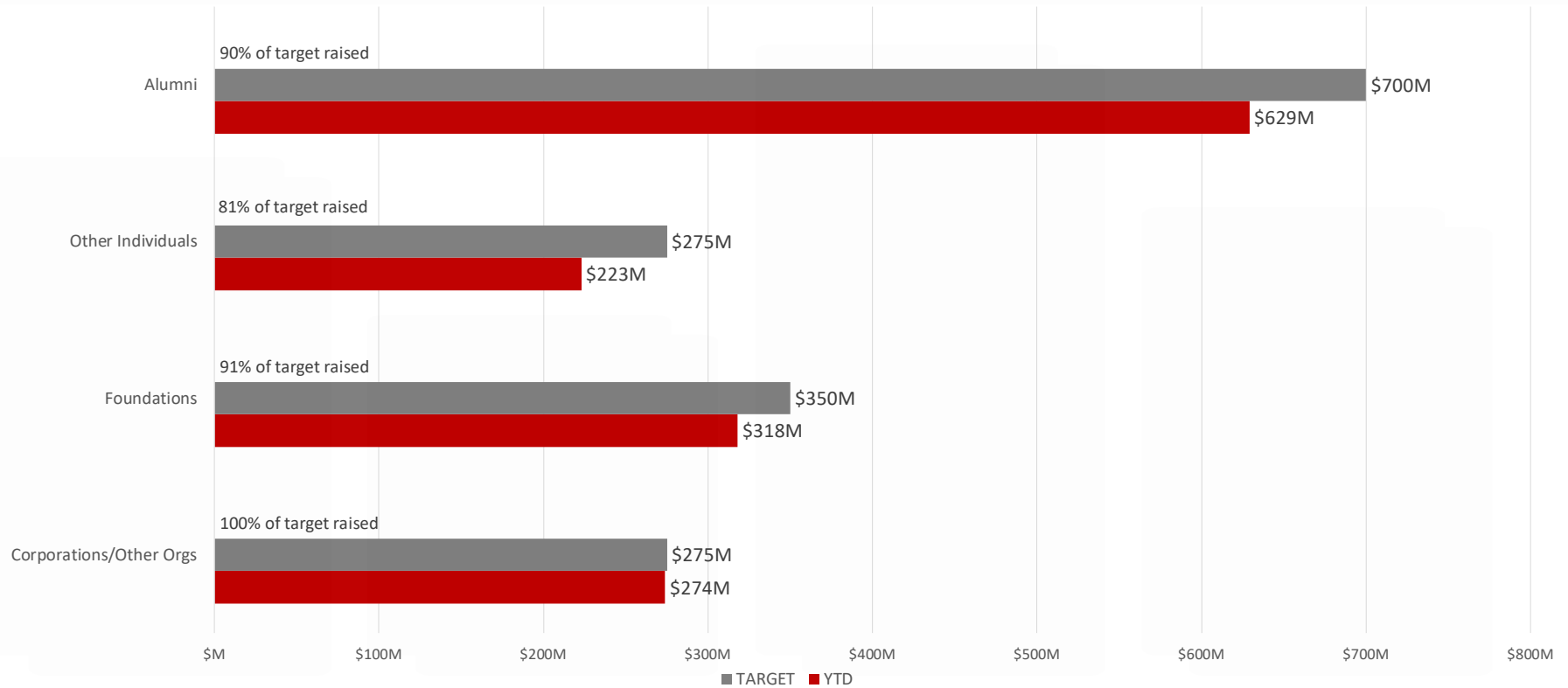


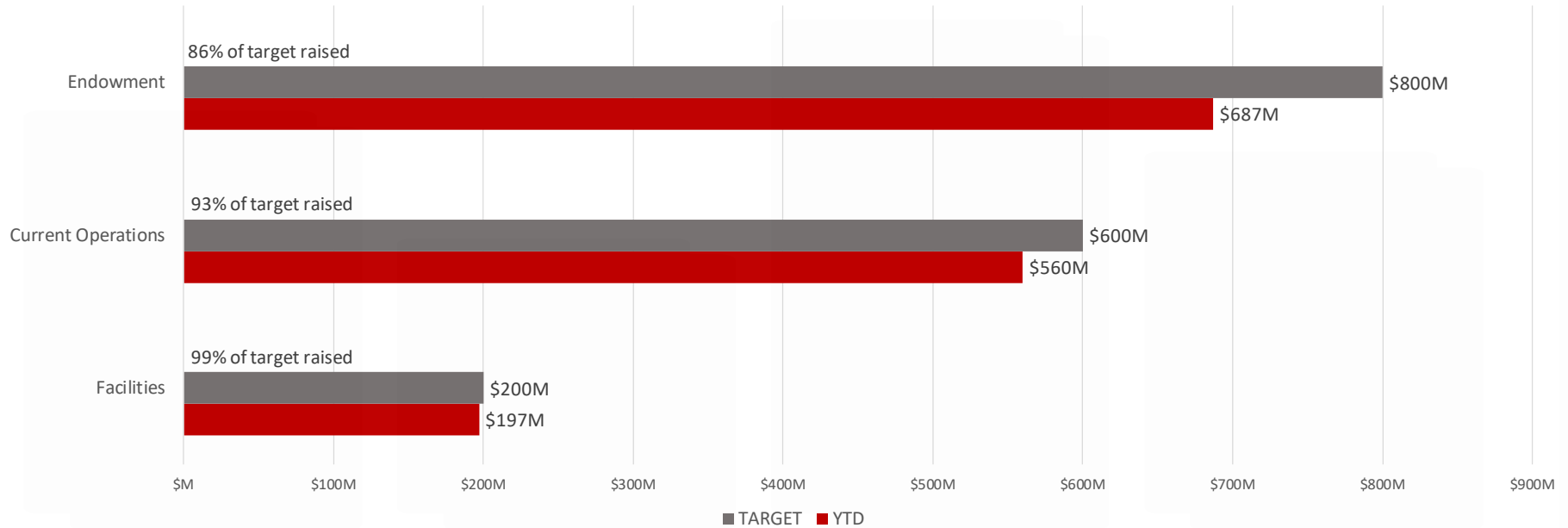
TARGET \$5M - \$50M





Campaign Progress
Gift Activity: Gifts by Source
as of December 31, 2018





	Reachback Phase	Nucleus Phase	Public Phase	Campaign Total
Ag and Life Sciences	\$58,611,437	\$196,888,842	\$85,392,831	\$340,893,110
Design	\$1,971,028	\$4,497,939	\$4,712,937	\$11,181,904
Education	\$1,496,879	\$13,242,205	\$18,789,335	\$33,528,419
Engineering	\$26,589,290	\$78,261,925	\$64,406,629	\$169,257,844
Humanities & Social Sciences	\$2,149,234	\$19,736,176	\$7,124,747	\$29,010,157
Poole College	\$40,141,243	\$15,654,221	\$11,972,710	\$67,768,174
Natural Resources	\$9,998,541	\$9,026,825	\$8,262,176	\$27,287,542
Sciences	\$6,159,812	\$26,686,437	\$17,436,357	\$50,282,606
Textiles*	\$6,165,558	\$9,277,376	\$35,917,328	\$51,360,262
Veterinary Medicine	\$24,759,368	\$71,911,439	\$43,564,886	\$140,235,693
Alumni Association	\$878,363	\$5,011,646	\$3,072,103	\$8,962,112
DASA	\$2,969,535	\$11,287,324	\$5,290,291	\$19,547,150
Libraries	\$6,216,734	\$8,138,120	\$6,366,630	\$20,721,484
University-wide	\$137,381,361	\$111,852,773	\$89,226,087	\$338,460,221
Wolfpack Club/Athletics**	\$4,128,910	\$77,675,487	\$53,325,767	\$135,130,164
Total	\$329,617,293	\$659,148,735	\$454,860,814	\$1,443,626,842

* Includes gift information provided by the North Carolina Textiles Foundation

** Includes gift information provided by the NCSU Student Aid Association

	Alumni	Parents	Faculty Staff	Other Individuals	Corporations	Foundations	Other Organizations	Campaign Total
Ag and Life Sciences	\$54,520,782	\$15,417,917	\$4,475,270	\$34,719,916	\$91,909,240	\$88,019,473	\$51,830,512	\$340,893,110
Design	\$4,825,390	\$55,929	\$171,036	\$639,041	\$2,617,872	\$2,228,592	\$644,043	\$11,181,904
Education	\$4,213,064	\$48,531	\$191,183	\$2,576,597	\$3,323,341	\$10,564,371	\$12,611,332	\$33,528,419
Engineering	\$95,976,678	\$2,427,611	\$6,152,931	\$5,802,057	\$37,399,918	\$16,492,037	\$5,006,613	\$169,257,844
Humanities & Social Sciences	\$13,866,893	\$1,234,810	\$1,417,532	\$9,348,441	\$517,100	\$2,199,773	\$425,607	\$29,010,157
Poole College	\$48,720,495	\$303,514	\$2,682,991	\$4,516,415	\$7,490,895	\$2,824,617	\$1,229,247	\$67,768,174
Natural Resources	\$16,401,188	\$21,407	\$1,280,262	\$2,661,210	\$4,411,085	\$1,751,684	\$760,705	\$27,287,542
Sciences	\$25,348,747	\$5,390,940	\$5,604,668	\$771,879	\$6,474,142	\$3,276,851	\$3,415,379	\$50,282,606
Textiles*	\$40,255,164	\$127,776	\$1,159,665	\$1,360,056	\$5,947,807	\$2,268,040	\$241,755	\$51,360,262
Veterinary Medicine	\$20,555,483	\$209,320	\$5,405,982	\$71,931,144	\$4,312,209	\$36,264,581	\$1,556,975	\$140,235,693
Alumni Association	\$5,730,461	\$41,742	\$35,723	\$528,451	\$442,897	\$1,782,747	\$400,090	\$8,962,112
DASA	\$6,378,583	\$713,255	\$387,202	\$8,514,988	\$912,961	\$1,712,127	\$928,034	\$19,547,150
Libraries	\$2,774,097	\$1,937,125	\$4,058,316	\$7,326,965	\$2,304,593	\$2,210,647	\$109,740	\$20,721,484
University-wide	\$160,070,575	\$1,760,663	\$2,912,470	\$4,054,681	\$13,498,148	\$145,632,801	\$10,530,884	\$338,460,221
Wolfpack Club/Athletics**	\$128,931,806	\$531,736	\$60,639	\$2,218,006	\$2,805,654	\$425,774	\$156,550	\$135,130,164
Total	\$628,569,406	\$30,222,276	\$35,995,870	\$156,969,847	\$184,367,862	\$317,654,115	\$89,847,466	\$1,443,626,842

* Includes gift information provided by the North Carolina Textiles Foundation

** Includes gift information provided by the NCSU Student Aid Association

	Cash Gifts	Gifts-In-Kind	Matching Gifts	PG Life Income	Realized Bequests	Bequest Expectancies	Pledges	Non-Governmental Grants	Campaign Total
Ag and Life Sciences	\$95,184,844	\$5,936,952	\$272,081	\$5,917,140	\$5,365,060	\$67,750,590	\$45,729,265	\$114,737,179	\$340,893,110
Design	\$4,014,119	\$97,752	\$57,914	\$25,000	\$235,746	\$2,664,000	\$983,108	\$3,104,264	\$11,181,904
Education	\$3,475,538	\$8,184	\$25,108	\$50,000	\$192,677	\$3,568,000	\$672,312	\$25,536,602	\$33,528,419
Engineering	\$46,690,345	\$2,377,954	\$1,309,354	\$1,125,782	\$3,540,159	\$43,503,139	\$59,366,864	\$11,344,245	\$169,257,844
Humanities & Social Sciences	\$4,330,452	\$3,751	\$139,895	\$342,991	\$62,809	\$11,835,728	\$10,579,468	\$1,715,062	\$29,010,157
Poole College	\$10,385,898	\$4,310	\$434,198	\$29,710,000	\$26,837	\$11,502,391	\$12,897,589	\$2,806,950	\$67,768,174
Natural Resources	\$9,581,458	\$1,174,486	\$175,864	\$548,278	\$369,420	\$11,649,455	\$2,376,458	\$1,412,121	\$27,287,542
Sciences	\$15,533,495	\$2,963,469	\$220,155	\$804,500	\$152,193	\$19,253,874	\$4,786,183	\$6,568,737	\$50,282,606
Textiles*	\$7,143,843	\$442,031	\$32,979	\$0	\$50,000	\$5,575,012	\$35,506,252	\$2,610,146	\$51,360,262
Veterinary Medicine	\$25,175,190	\$1,184,149	\$88,791	\$525,052	\$2,602,878	\$79,164,207	\$23,439,458	\$8,055,970	\$140,235,693
Alumni Association	\$3,803,646	\$0	\$196,503	\$45,000	\$396,050	\$636,969	\$3,883,943	\$0	\$8,962,112
DASA	\$6,036,714	\$857,722	\$167,078	\$3,517,451	\$622,650	\$4,016,022	\$3,795,188	\$534,326	\$19,547,150
Libraries	\$2,932,952	\$11,742,199	\$38,546	\$1,076	\$75,848	\$3,384,195	\$688,751	\$1,857,917	\$20,721,484
University-wide	\$206,443,970	\$793,438	\$498,060	\$1,227,428	\$660,688	\$11,251,104	\$113,585,652	\$3,999,882	\$338,460,221
Wolfpack Club/Athletics**	\$63,339,630	\$2,170,774	\$1,793,908	\$0	\$32,200	\$1,030,111	\$66,763,543	\$0	\$135,130,164
Total	\$504,072,094	\$29,757,171	\$5,450,434	\$43,839,698	\$14,385,215	\$276,784,797	\$385,054,034	\$184,283,401	\$1,443,626,842

* Includes gift information provided by the North Carolina Textiles Foundation

** Includes gift information provided by the NCSU Student Aid Association

	Current Operations	Endowment	Facilities	Campaign Total
Ag and Life Sciences	\$176,780,453	\$108,003,732	\$56,108,925	\$340,893,110
Design	\$5,493,445	\$5,590,706	\$97,752	\$11,181,904
Education	\$27,421,299	\$6,098,277	\$8,844	\$33,528,419
Engineering	\$55,126,058	\$66,503,033	\$47,628,753	\$169,257,844
Humanities & Social Sciences	\$6,693,005	\$22,313,401	\$3,751	\$29,010,157
Poole College	\$14,705,862	\$52,568,002	\$494,310	\$67,768,174
Natural Resources	\$6,847,192	\$19,261,864	\$1,178,486	\$27,287,542
Sciences	\$16,211,922	\$31,552,668	\$2,518,016	\$50,282,606
Textiles*	\$11,778,257	\$39,094,975	\$487,031	\$51,360,262
Veterinary Medicine	\$38,174,739	\$100,772,850	\$1,288,104	\$140,235,693
Alumni Association	\$1,162,066	\$7,726,758	\$73,288	\$8,962,112
DASA	\$7,370,167	\$7,373,835	\$4,803,148	\$19,547,150
Libraries	\$4,278,182	\$4,701,103	\$11,742,199	\$20,721,484
University-wide	\$119,306,054	\$211,006,882	\$8,147,286	\$338,460,221
Wolfpack Club/Athletics**	\$68,177,420	\$4,769,707	\$62,183,038	\$135,130,164
Total	\$559,526,121	\$687,337,793	\$196,762,931	\$1,443,626,842

* Includes gift information provided by the North Carolina Textiles Foundation

** Includes gift information provided by the NCSU Student Aid Association

Unit Supporting	Prior to FY 11	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY18	FY 11 - 18 Total	Overall Total
CALS	56	1		2	3 (1)	7 (5)	1	3 (2)		17 (8)	73
Humanities	3			1		1				2	5
CNR	9			1 (1)			1 (1)			2 (2)	11
Design	0									0	0
Engineering	36	8 (2)		1	3 (1)	2 (1)	5 (3)	6 (1)	1	26 (8)	62
Sciences	19	3				2	5		1 (1)	11 (1)	30
CVM	2	1			1	3		1		6	8
Education	1							2 (1)		2 (1)	3
Institute Adv. Analytics	0					3				3	3
PCOM	11	2	1				1			4	15
PCOM & Textiles	1									0	1
Textiles	10									0	10
University wide	4									0	4
Total	152	15 (2)	1	5 (1)	7 (2)	18 (6)	13 (4)	12 (4)	2 (1)	73 (20)	225

* Numbers include fully established professorships (term and endowed), BTEs and planned gifts with signed commitments as of the end of the quarter reflected above.

** Numbers in parentheses indicate professorships funded through planned gifts.

P.H. Cooper Distinguished Professorship was initially reported in FY16 but moved to FY17 when the agreement was signed September 2016.

NC STATE

FY19 Monthly Reports

Gift Activity

December 31, 2018

Source	FYTD 12/31/17	FYTD 12/31/18	% of Change	Average FY16-FY18	YTD Period % Change 3 Yr Avg/FY19
Individuals					
Outright Gifts and Pledges	\$ 39,388,930	\$ 51,283,109	30%	\$ 42,297,316	21%
Life Income Gifts and Realized Bequests	\$ 2,904,639	\$ 3,094,159	7%	\$ 4,699,662	-34%
Revocable Bequest Pledges/Life Insurance Pledges	\$ 14,581,040	\$ 24,441,470	68%	\$ 16,170,754	51%
Corporations/Foundations/Orgs					
Outright Gifts, Pledges and Matching Gifts	\$ 27,679,978	\$ 46,850,252	69%	\$ 45,797,875	2%
New Business Total	\$ 84,554,587	\$ 125,668,989	49%	\$ 108,965,607	15%

Source	FYTD 12/31/17	FYTD 12/31/18	% of Change	Average FY16-FY18	YTD Period % Change 3 Yr Avg/FY19
<u>Individuals</u>					
Outright Gifts and Pledge Payments	\$ 38,381,919	\$ 19,021,380	-50%	\$ 35,922,113	-47%
Life Income Gifts and Realized Bequests	\$ 4,121,471	\$ 2,966,408	-28%	\$ 4,089,161	-27%
<u>Corporations/Foundations/Orgs</u>					
Outright Gifts, Pledge Payments and Matching Gifts & Equipment	\$ 37,100,353	\$ 64,574,152	74%	\$ 35,687,865	81%
Cash Flow Total	\$ 79,603,743	\$ 86,561,940	9%	\$ 75,699,139	14%

FY19 Development Reports
Gift Report: Monthly Gifts & New Commitments by Use
as of December 31, 2018

	Current Operations	Endowment	Facilities	Year-to-date FY '19 Totals	Year-to-date FY '18 Totals	YTD Period % Change FY18/19	3 year Average (FY16 - FY18)	YTD Period % Change 3 yr avg/FY19
Ag and Life Sciences	\$17,864,840	\$2,459,023	\$76,595	\$20,400,458	\$13,171,204	55%	\$32,780,004	-38%
Design	\$737,201	\$296,170	\$8,864	\$1,042,235	\$1,194,324	-13%	\$670,643	55%
Education	\$3,959,139	\$306,040	\$0	\$4,265,179	\$801,384	432%	\$2,166,661	97%
Engineering	\$5,183,677	\$2,513,511	\$655,327	\$8,352,515	\$10,754,308	-22%	\$14,263,332	-41%
Humanities & Social Sciences	\$607,351	\$1,154,903	\$0	\$1,762,254	\$1,455,010	21%	\$2,857,571	-38%
Poole College	\$1,403,887	\$547,496	\$0	\$1,951,383	\$4,338,488	-55%	\$3,339,674	-42%
Natural Resources	\$799,415	\$401,977	\$63,367	\$1,264,759	\$2,837,185	-55%	\$2,059,262	-39%
Sciences	\$1,998,207	\$4,332,497	\$42,500	\$6,373,203	\$6,802,024	-6%	\$4,006,474	59%
Textiles*	\$1,279,272	\$28,584,828	\$18,566	\$29,882,666	\$3,109,985	861%	\$2,151,174	1289%
Veterinary Medicine	\$5,480,135	\$11,982,154	\$50,335	\$17,512,624	\$7,336,289	139%	\$6,466,902	171%
Alumni Association	\$131,430	\$586,903	\$525	\$718,858	\$449,822	60%	\$380,397	89%
DASA	\$788,800	\$313,733	\$172,895	\$1,275,428	\$1,011,296	26%	\$2,121,690	-40%
Libraries	\$140,397	\$193,537	\$422,943	\$756,877	\$1,095,477	-31%	\$1,501,319	-50%
University-wide	\$3,729,073	\$14,206,963	\$5,134	\$17,941,170	\$26,708,349	-33%	\$25,924,697	-31%
Wolfpack Club/Athletics**	\$3,972,910	\$1,019,919	\$7,176,602	\$12,169,431	\$3,489,844	249%	\$8,275,940	47%
Total	\$48,075,733	\$68,899,655	\$8,693,652	\$125,669,039	\$84,554,989	49%	\$108,965,741	15%

* Includes gift information provided by the North Carolina Textiles Foundation

** Includes gift information provided by the NCSU Student Aid Association

FY19 Development Reports
Gift Report: Monthly Gifts & New Commitments by Source
as of December 31, 2018

	Alumni	Parents	Faculty Staff	Other Individuals	Corporations	Foundations	Other Organizations	Year-to-date FY '19 Totals
Ag and Life Sciences	\$1,039,521	\$1,035,400	\$393,585	\$2,162,258	\$9,727,136	\$3,455,530	\$2,587,028	\$20,400,458
Design	\$453,565	\$900	\$3,450	\$67,358	\$275,151	\$182,867	\$58,944	\$1,042,235
Education	\$365,279	\$780	\$1,735	\$27,214	\$560,363	\$3,305,108	\$4,700	\$4,265,179
Engineering	\$3,337,181	\$712,893	\$7,935	\$599,497	\$2,332,205	\$555,463	\$807,290	\$8,352,515
Humanities & Social Sciences	\$1,299,553	\$102,352	\$21,716	\$21,666	\$159,402	\$13,000	\$144,566	\$1,762,254
Poole College	\$671,634	\$7,925	\$11,515	\$46,437	\$551,171	\$603,051	\$59,650	\$1,951,383
Natural Resources	\$423,670	\$2,675	\$2,680	\$71,710	\$632,772	\$56,500	\$74,751	\$1,264,759
Sciences	\$4,535,322	\$108,677	\$5,785	\$22,678	\$173,491	\$176,602	\$1,350,649	\$6,373,203
Textiles*	\$28,858,133	\$2,550	\$50,659	\$596,885	\$287,674	\$85,464	\$1,300	\$29,882,666
Veterinary Medicine	\$111,321	\$22,150	\$2,355,530	\$12,831,267	\$318,670	\$1,630,978	\$242,708	\$17,512,624
Alumni Association	\$554,507	\$3,350	\$620	\$22,226	\$58,922	\$74,583	\$4,650	\$718,858
DASA	\$451,333	\$86,337	\$27,420	\$369,921	\$68,988	\$175,718	\$95,712	\$1,275,428
Libraries	\$166,286	\$6,175	\$7,020	\$429,417	\$108,158	\$38,150	\$1,671	\$756,877
University-wide	\$1,848,414	\$293,976	\$9,515	\$201,189	\$991,458	\$7,456,646	\$7,139,972	\$17,941,170
Wolfpack Club/Athletics**	\$11,581,341	\$1,400	\$0	\$365,251	\$123,239	\$48,200	\$50,000	\$12,169,431
Total	\$55,697,058	\$2,387,541	\$2,899,166	\$17,834,973	\$16,368,801	\$17,857,860	\$12,623,590	\$125,669,039

* Includes gift information provided by the North Carolina Textiles Foundation

** Includes gift information provided by the NCSU Student Aid Association

FY19 Development Reports
Gift Report: Monthly Gifts & New Commitments by Type
as of December 31, 2018

	Cash Gifts	Gifts-In-Kind	Matching Gifts	PG Life Income	Realized Bequests	Bequest Expectancies	Pledges	Non-Governmental Grants	Year-to-date FY '19 Totals
Ag and Life Sciences	\$5,337,606	\$25,545	\$6,832	\$32,000	\$302,330	\$3,190,000	\$1,051,914	\$10,454,230	\$20,400,458
Design	\$513,277	\$8,864	\$2,825	\$0	\$50,000	\$50,000	\$95,851	\$321,419	\$1,042,235
Education	\$198,593	\$0	\$1,150	\$0	\$0	\$273,000	\$14,365	\$3,778,071	\$4,265,179
Engineering	\$4,187,617	\$55,597	\$41,139	\$0	\$879,344	\$1,116,000	\$894,109	\$1,178,708	\$8,352,515
Humanities & Social Sciences	\$365,038	\$0	\$4,176	\$0	\$0	\$1,050,000	\$120,537	\$222,502	\$1,762,254
Poole College	\$854,754	\$0	\$25,277	\$0	\$0	\$50,000	\$390,757	\$630,594	\$1,951,383
Natural Resources	\$811,432	\$62,367	\$7,175	\$0	\$0	\$0	\$69,381	\$314,403	\$1,264,759
Sciences	\$631,595	\$42,500	\$14,449	\$0	\$0	\$4,050,000	\$63,768	\$1,570,892	\$6,373,203
Textiles*	\$418,689	\$18,566	\$12,452	\$0	\$0	\$500,000	\$28,800,495	\$132,464	\$29,882,666
Veterinary Medicine	\$2,483,068	\$50,335	\$3,592	\$500,000	\$1,161,052	\$12,470,000	\$301,611	\$542,967	\$17,512,624
Alumni Association	\$338,621	\$0	\$3,662	\$25,000	\$75,000	\$272,469	\$4,105	\$0	\$718,858
DASA	\$709,432	\$130,520	\$12,355	\$0	\$0	\$100,000	\$318,050	\$5,072	\$1,275,428
Libraries	\$198,893	\$422,943	\$940	\$0	\$0	\$100,000	\$34,101	\$0	\$756,877
University-wide	\$15,628,098	\$50	\$68,754	\$0	\$69,434	\$760,000	\$1,271,668	\$143,167	\$17,941,170
Wolfpack Club/Athletics**	\$2,981,450	\$27,730	\$122,039	\$0	\$0	\$460,001	\$8,578,210	\$0	\$12,169,431
Total	\$35,658,164	\$845,017	\$326,818	\$557,000	\$2,537,159	\$24,441,470	\$42,008,923	\$19,294,488	\$125,669,039

* Includes gift information provided by the North Carolina Textiles Foundation

** Includes gift information provided by the NCSU Student Aid Association

	Current Operations	Endowment	Facilities	Year-to-date FY '19 Totals	Year-to-date FY '18 Totals	YTD Period % Change FY18/19	3 year Average (FY16 - FY18)	YTD Period % Change 3 yr avg/FY19
Ag and Life Sciences	\$9,443,320	\$868,482	\$1,884,620	\$12,196,421	\$15,186,310	-20%	\$15,599,282	-22%
Design	\$718,034	\$294,992	\$8,864	\$1,021,890	\$591,949	73%	\$446,448	129%
Education	\$1,874,913	\$70,635	\$60	\$1,945,608	\$523,238	272%	\$1,306,996	49%
Engineering	\$4,969,184	\$2,119,110	\$1,400,296	\$8,488,590	\$10,367,596	-18%	\$9,805,510	-13%
Humanities & Social Sciences	\$452,868	\$193,769	\$0	\$646,637	\$720,942	-10%	\$1,163,458	-44%
Poole College	\$1,371,937	\$431,821	\$0	\$1,803,758	\$5,664,814	-68%	\$2,780,312	-35%
Natural Resources	\$621,214	\$458,312	\$63,367	\$1,142,893	\$1,730,752	-34%	\$1,587,932	-28%
Sciences	\$1,246,952	\$450,197	\$42,500	\$1,739,650	\$2,601,489	-33%	\$1,999,301	-13%
Textiles*	\$632,377	\$8,204,265	\$18,566	\$8,855,209	\$2,486,630	256%	\$1,404,091	531%
Veterinary Medicine	\$4,009,118	\$3,933,161	\$50,335	\$7,992,614	\$6,621,175	21%	\$5,956,349	34%
Alumni Association	\$131,763	\$637,211	\$525	\$769,499	\$481,891	60%	\$593,508	30%
DASA	\$709,170	\$145,980	\$181,236	\$1,036,387	\$1,485,393	-30%	\$1,659,932	-38%
Libraries	\$155,263	\$134,363	\$422,943	\$712,570	\$976,433	-27%	\$1,381,718	-48%
University-wide	\$5,474,144	\$29,558,129	\$46,587	\$35,078,860	\$24,273,423	45%	\$21,995,808	59%
Wolfpack Club/Athletics**	\$77,150	\$32,250	\$3,022,005	\$3,131,405	\$5,892,108	-47%	\$8,018,624	-61%
Total	\$31,887,408	\$47,532,678	\$7,141,904	\$86,561,990	\$79,604,143	9%	\$75,699,271	14%

* Includes gift information provided by the North Carolina Textiles Foundation

** Includes gift information provided by the NCSU Student Aid Association

	Alumni	Parents	Faculty Staff	Other Individuals	Corporations	Foundations	Other Organizations	Year-to-date FY '18 Totals
Ag and Life Sciences	\$667,576	\$32,119	\$35,779	\$509,963	\$4,581,587	\$3,333,664	\$3,035,732	\$12,196,421
Design	\$419,957	\$900	\$5,732	\$80,228	\$283,578	\$172,552	\$58,944	\$1,021,890
Education	\$114,685	\$1,140	\$18,491	\$34,664	\$474,733	\$1,197,196	\$104,700	\$1,945,608
Engineering	\$2,894,200	\$321,456	\$41,459	\$759,851	\$2,580,287	\$1,424,288	\$467,000	\$8,488,590
Humanities & Social Sciences	\$313,504	\$102,222	\$26,533	\$23,125	\$23,688	\$13,000	\$144,566	\$646,637
Poole College	\$505,781	\$19,677	\$13,233	\$69,087	\$533,671	\$597,409	\$64,900	\$1,803,758
Natural Resources	\$503,508	\$2,425	\$3,145	\$77,893	\$430,971	\$56,500	\$68,451	\$1,142,893
Sciences	\$578,769	\$118,854	\$10,688	\$65,759	\$138,570	\$171,602	\$655,408	\$1,739,650
Textiles*	\$4,392,308	\$16,014	\$55,682	\$65,045	\$4,220,396	\$105,464	\$300	\$8,855,209
Veterinary Medicine	\$138,642	\$21,285	\$6,219	\$2,863,679	\$306,474	\$4,441,259	\$215,056	\$7,992,614
Alumni Association	\$601,028	\$3,650	\$530	\$23,136	\$61,922	\$74,583	\$4,650	\$769,499
DASA	\$202,644	\$67,902	\$32,215	\$375,281	\$71,988	\$190,646	\$95,712	\$1,036,387
Libraries	\$110,437	\$6,195	\$13,225	\$404,734	\$133,158	\$38,150	\$6,671	\$712,570
University-wide	\$854,238	\$178,391	\$48,467	\$224,473	\$1,429,269	\$25,262,803	\$7,081,218	\$35,078,860
Wolfpack Club/Athletics**	\$2,903,316	\$1,400	\$0	\$5,250	\$123,239	\$48,200	\$50,000	\$3,131,405
Total	\$15,200,592	\$893,630	\$311,398	\$5,582,168	\$15,393,530	\$37,127,315	\$12,053,307	\$86,561,990

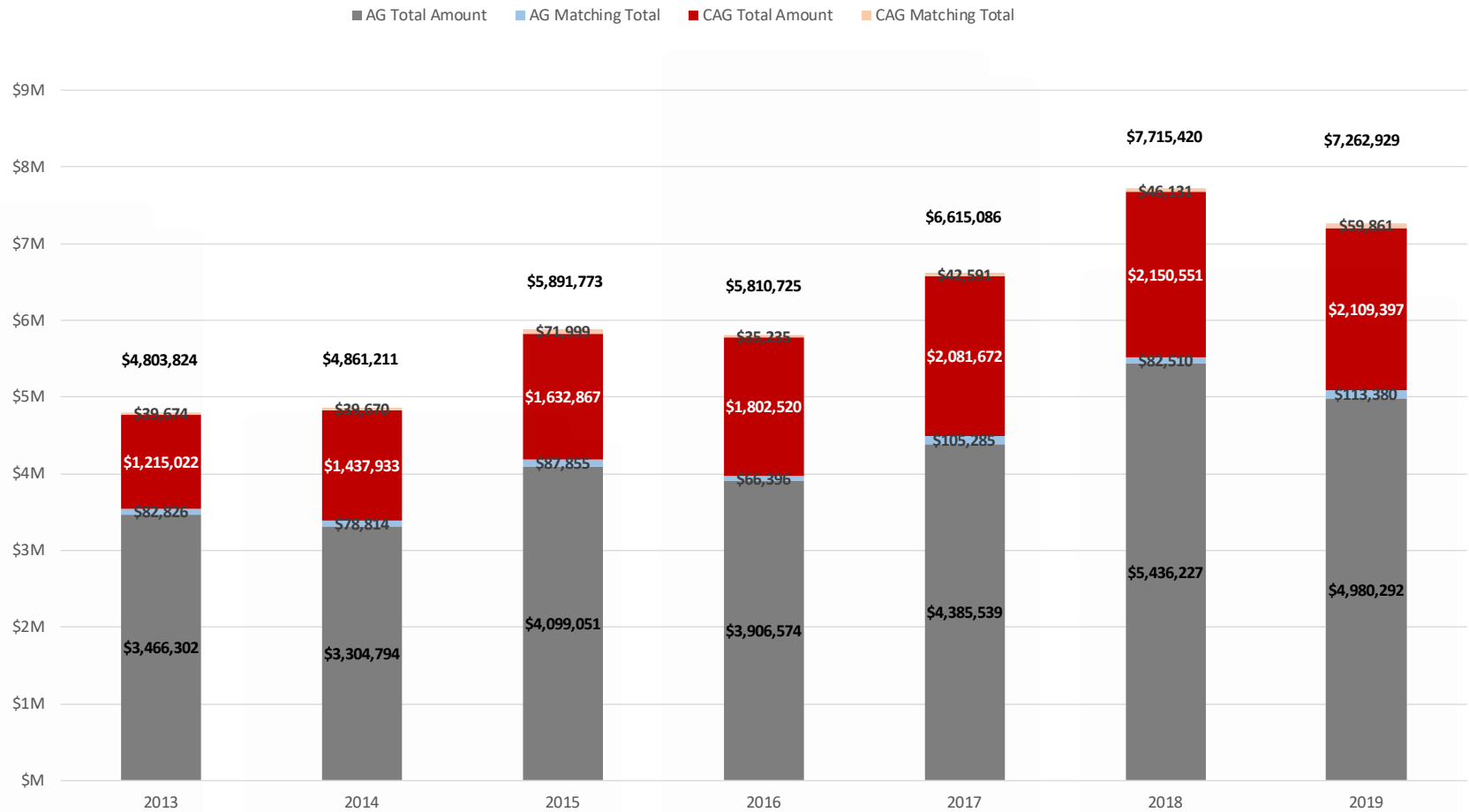
* Includes gift information provided by the North Carolina Textiles Foundation

** Includes gift information provided by the NCSU Student Aid Association

	Cash Gifts	Gifts-In-Kind	Matching Gifts	PG Life Income	Realized Bequests	Non-Governmental Grants	Year-to-date FY '18 Totals
Ag and Life Sciences	\$6,534,974	\$25,545	\$6,832	\$13,922	\$326,118	\$5,289,030	\$12,196,421
Design	\$661,971	\$8,864	\$2,825	\$0	\$50,000	\$298,230	\$1,021,890
Education	\$261,430	\$0	\$1,150	\$0	\$0	\$1,683,029	\$1,945,608
Engineering	\$6,439,494	\$55,597	\$41,139	\$0	\$1,025,490	\$926,869	\$8,488,590
Humanities & Social Sciences	\$555,713	\$0	\$4,176	\$0	\$0	\$86,748	\$646,637
Poole College	\$1,233,529	\$0	\$25,277	\$0	\$0	\$544,952	\$1,803,758
Natural Resources	\$947,049	\$62,367	\$7,175	\$0	\$0	\$126,302	\$1,142,893
Sciences	\$883,236	\$42,500	\$14,449	\$0	\$0	\$799,465	\$1,739,650
Textiles*	\$8,748,005	\$18,566	\$15,916	\$0	\$0	\$72,721	\$8,855,209
Veterinary Medicine	\$6,330,291	\$50,335	\$3,592	\$235,860	\$1,161,052	\$211,484	\$7,992,614
Alumni Association	\$681,805	\$0	\$3,662	\$9,032	\$75,000	\$0	\$769,499
DASA	\$893,512	\$130,520	\$12,355	\$0	\$0	\$0	\$1,036,387
Libraries	\$288,687	\$422,943	\$940	\$0	\$0	\$0	\$712,570
University-wide	\$34,866,272	\$50	\$68,754	\$0	\$69,934	\$73,850	\$35,078,860
Wolfpack Club/Athletics**	\$2,981,636	\$27,730	\$122,039	\$0	\$0	\$0	\$3,131,405
Total	\$72,307,604	\$845,017	\$330,282	\$258,814	\$2,707,594	\$10,112,679	\$86,561,990

* Includes gift information provided by the North Carolina Textiles Foundation

** Includes gift information provided by the NCSU Student Aid Association



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III. Associated matching gifts

Overall Performance Year-to-Date

Total Dollars With Matching				Total Donors			
FY19	FY18	Chng	% Chng	FY19	FY18	Chng	% Chng
\$2,169,808	\$2,197,182	(\$27,374)	(1.25%)	9,413	9,323	90	0.97%

Alumni Dollars With Matching				Alumni Donors			
FY19	FY18	Chng	% Chng	FY19	FY18	Chng	% Chng
\$1,643,156	\$1,582,287	\$60,869	3.85%	6,874	6,739	135	2.00%

\$1,000+ Household Donors *(Primary donors only, no matching gifts)*

Total Dollars without Matching				Total Donors			
FY19	FY18	Chng	% Chng	FY19	FY18	Chng	% Chng
\$883,363	\$932,926	(\$49,563)	(5.31%)	458	491	(33)	(6.72%)

Alumni Dollars without Matching				Alumni Donors			
FY19	FY18	Chng	% Chng	FY19	FY18	Chng	% Chng
\$652,376	\$628,260	\$24,116	3.84%	344	357	(13)	(3.64%)

Progress to Goals

FY18 Actuals	FY19 Goals	Needed to Meet Goals	FY19 % of Goal	FY17 Rpt Date to 6/30/2017	Projected
(FY18 Final: \$3,467,492)*					
(FY18 Final: 14,196)*					

* From FY18 Final Reports

Average Gift

Average	FY19	FY18	Change	% Change
By Gift	\$167	\$173	(\$6)	(4.70%)
By Donor	\$224	\$231	(\$7)	(2.64%)

Corporate Matching Gifts

Corporate Match Dollars				Number Corporate Match Gifts			
FY19	FY18	Chng	% Chng	FY19	FY18	Chng	% Chng
\$60,361	\$46,131	\$14,230	30.85%	57	75	(18)	(24.00%)

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III. Associated matching gifts

	Gift Dollars No Match				Donors No Match*				Average Gift**		Corporate Matching		Total Gifts and Matching	
Academic Unit Detail - Mailable Alumni	FY19	FY18	Chng	% Chng	FY19	FY18	Chng	% Chng	FY19	FY18	FY19	FY18	FY19	FY18
CALS - 31,459	\$206,236	\$244,886	(\$38,650)	(15.78%)	876	871	5	0.57%	\$235	\$281	\$231	\$1,285	\$206,467	\$246,171
CHASS - 40,214	\$128,919	\$95,289	\$33,630	35.29%	651	637	14	2.20%	\$198	\$150	\$661	\$1,434	\$129,580	\$96,723
Design - 7,173	\$59,047	\$56,055	\$2,992	5.34%	263	243	20	8.23%	\$225	\$231	\$225	.	\$59,272	\$56,055
Education - 15,766	\$51,082	\$87,134	(\$36,052)	(41.38%)	377	452	(75)	(16.59%)	\$135	\$193	\$1,150	\$1,350	\$52,232	\$88,484
Engineering - 63,109	\$417,644	\$474,447	(\$56,802)	(11.97%)	1,905	2,028	(123)	(6.07%)	\$219	\$234	\$8,904	\$14,894	\$426,548	\$489,341
PCOM - 28,597	\$119,539	\$128,276	(\$8,737)	(6.81%)	640	606	34	5.61%	\$187	\$212	\$6,711	\$8,803	\$126,250	\$137,079
Natural Resources - 11,964	\$81,554	\$93,119	(\$11,565)	(12.42%)	341	322	19	5.90%	\$239	\$289	\$1,030	\$900	\$82,584	\$94,019
College of Sciences - 27,613	\$120,749	\$108,355	\$12,394	11.44%	550	471	79	16.77%	\$220	\$230	\$1,450	\$2,864	\$122,199	\$111,219
Textiles - 9,591	\$42,196	\$40,640	\$1,556	3.83%	273	285	(12)	(4.21%)	\$155	\$143	\$88	\$1,100	\$42,284	\$41,740
Vet Med - 2,866	\$151,200	\$158,385	(\$7,185)	(4.54%)	1,428	1,301	127	9.76%	\$106	\$122	\$795	\$1,206	\$151,995	\$159,591
Arts NC State	\$31,926	\$33,780	(\$1,853)	(5.49%)	157	134	23	17.16%	\$203	\$252	\$200	\$150	\$32,126	\$33,930
First Year College	\$110	\$57	\$53	92.98%	3	3	0	0.00%	\$37	\$19	.	.	\$110	\$57
Graduate School	\$4,345	\$9,895	(\$5,550)	(56.09%)	37	52	(15)	(28.85%)	\$117	\$190	\$125	\$650	\$4,470	\$10,545
Library Enhancement	\$35,141	\$46,709	(\$11,568)	(24.77%)	139	114	25	21.93%	\$253	\$410	\$125	\$75	\$35,266	\$46,784
Parents Fund	\$35,459	\$51,039	(\$15,579)	(30.52%)	366	485	(119)	(24.54%)	\$97	\$105	\$475	\$400	\$35,934	\$51,439
Student Financial Aid Fund	\$31,351	\$47,210	(\$15,858)	(33.59%)	284	342	(58)	(16.96%)	\$110	\$138	\$381	\$1,125	\$31,732	\$48,335
University's Greatest Needs Fund	\$290,129	\$215,881	\$74,248	34.39%	1,412	1,010	402	39.80%	\$205	\$214	\$2,150	\$3,417	\$292,279	\$219,298
Other University Funds	\$302,820	\$259,895	\$42,925	16.52%	729	774	(45)	(5.81%)	\$415	\$336	\$35,661	\$6,478	\$338,480	\$266,373
Total Dollars and Donors deduped	\$2,109,447	\$2,151,051	(\$41,604)	(1.93%)	9,413	9,323	90	0.97%	\$224	\$231	\$60,361	\$46,131	\$2,169,808	\$2,197,182

*FY19 and FY18 Donor No Match TOTAL adjusted for donors who gave to multiple designations. For example, if a donor gave to CALS and CHASS they are counted in each of these lines; however in the TOTAL line that donor is only counted once.

**Average Gift for academic units is calculated by gifts, including payroll deduction and ETF, not donors. The TOTAL line calculation for average gift is based on deduped donors.

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FY19 Development Reports Summary of Gifts not through Central Annual Giving as of December 31, 2018

	Gift Dollars (no match)			Donors (no match)			Average Gift		Corporate matching		Total Gift and matching	
	FY19	FY18	%Chng	FY19	FY18	%Chng	FY19	FY18	FY19	FY18	FY19	FY18
Ag and Life Sciences	\$720,279	\$956,883	-25%	1713	1609	6%	\$339	\$473	\$6,597	\$3,588	\$726,876	\$960,470
Design	\$125,437	\$140,867	-11%	103	82	26%	\$657	\$1,258	\$2,600	\$5,000	\$128,037	\$145,867
Education	\$123,256	\$101,381	22%	99	116	-15%	\$729	\$654	\$0	\$0	\$123,256	\$101,381
Engineering	\$982,711	\$1,179,353	-17%	558	529	5%	\$958	\$1,328	\$22,910	\$39,955	\$1,005,621	\$1,219,308
Humanities & Social Sciences	\$193,687	\$175,981	10%	122	132	-8%	\$637	\$579	\$3,500	\$250	\$197,187	\$176,231
Poole College	\$366,182	\$371,210	-1%	172	138	25%	\$1,294	\$1,672	\$16,187	\$4,915	\$382,368	\$376,125
Natural Resources	\$316,784	\$256,699	23%	229	188	22%	\$738	\$766	\$3,073	\$1,970	\$319,858	\$258,669
Sciences	\$397,374	\$476,078	-17%	203	267	-24%	\$1,290	\$1,150	\$11,419	\$5,500	\$408,793	\$481,578
Textiles*	\$3,765	\$5,256	-28%	4	8	-50%	\$418	\$584	\$0	\$0	\$3,765	\$5,256
Veterinary Medicine	\$578,822	\$614,415	-6%	922	709	30%	\$457	\$577	\$2,515	\$2,150	\$581,337	\$616,565
Alumni Association	\$106,722	\$168,261	-37%	128	152	-16%	\$556	\$735	\$3,238	\$1,707	\$109,960	\$169,967
DASA	\$261,293	\$304,482	-14%	454	427	6%	\$410	\$525	\$11,399	\$9,985	\$272,691	\$314,467
Libraries	\$160,615	\$197,194	-19%	452	580	-22%	\$319	\$302	\$815	\$335	\$161,430	\$197,529
University-wide	\$563,967	\$421,319	34%	408	346	18%	\$961	\$883	\$28,387	\$7,207	\$592,354	\$428,526
Institute for Emerging Issues	\$31,815	\$13,175	141%	21	19	11%	\$1,326	\$693	\$0	\$0	\$31,815	\$13,175
Kenan Institute	\$11,350	\$23,100	-51%	13	17	-24%	\$873	\$1,359	\$250	\$0	\$11,600	\$23,100
Wolfpack Club/Athletics**	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$4,944,059	\$5,405,654	-9%	5601	5319	5%	\$ 704	\$ 796	\$112,890	\$82,562	\$5,056,948	\$5,488,214

* Data migration from North Carolina Textiles Foundation in Progress

** Data migration from NCSU Student Aid Association in Progress

**Beginning FY19, ANNUAL GIVING at NC State includes*

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- II. All gifts from individuals below \$50,000 (excluding major gift pledge payments) AND*
- III. Associated matching gifts*



COMMITTEE DISCUSSION

Advancement Five Year Roadmap Project

Day of Giving Overview

Naming Opportunity Proposals



CREDO



Culture of Planning & Innovation

What Does the New Normal in Planning Require?

1. **Clarity** to our stakeholders on our direction and priorities
2. **Agility** to move strategically and quickly to leverage emerging opportunities
3. **Alignment** of our focus, people, work, and resources
4. **Accountability** to stakeholders (donors, friends, alumni, university, board, etc.)
5. **Transparency** with campus stakeholders
6. **Greater effectiveness and efficiency**
7. **The perfect balance of leadership and inclusivity**



CREDO

NC State University Advancement Strategic Planning & Implementation Timeline

Phase	Description
Leadership Team Retreat 1	1.5 day retreat where Leadership Team develops map August 8 & 9, 2018
Leadership Team Retreat 2	1 day retreat with mid-level leadership August 22, 2018
Community Day	2 hour celebration where community brainstorms initiatives August 23, 2018
Forums	Listening sessions with constituent groups September 19-20 & 28, 2018
Steering Committee Meeting	Determine how feedback should impact the roadmap and identify specific projects to leapfrog advancement efforts October 15, 2018
Leadership Team Meeting	Begin placing projects into roadmap, develop metrics November 13, 2018
Steering Committee Meeting	Project Update December 10, 2018



NC STATE

DAY OF GIVING

03.27.19

NC State Day of Giving

Adam Compton
Interim Executive Director of
Annual Giving

NC State Day of Giving Day - March 27

- **Leverage Emerging Online Channels** – introduce a new, digital enhanced channel to NC State's fundraising efforts and grow the online conversation about philanthropy at NC State.
- **Grow Donor Pipeline** – Peers have seen as much as 24% of new donors per year come through a Day of Giving. In addition, it appeals to donors who may not respond to other types of asks, and who have the potential to become repeat annual donors or future major donors.
- **Amplify Campaign Momentum** – To further brand awareness of The Think and Do the Extraordinary Campaign and build upon the culture of philanthropy.

Key Details

- A Day of Giving is a campaign to harness the momentum of a 24-hour period to raise gifts at all levels from alumni and friends of the university. Through the utilization of leaderboards we create a gamification model which drives both low dollar gifts and major gifts.
- We are being advised by a consulting firm which is part of the Purdue Foundation
- In order for us to be successful, it will take a joint effort amongst everyone.

Peer Success Story (Purdue)

- Issue: Purdue continued to have an annual decrease in number of donors and decreasing alumni participation since 2005.
- Solution: With a campus-wide commitment they have produced the most successful giving day on a college campus.
 - Launched in 2014 and raised \$7.4M Gifts from 6,660 donations.
 - 2018 raised \$37.6M from 18,663 donations with 34M social media impressions.



Purdue's Success

Purdue Day of Giving	2014	2015	2016	2017	2018	Compound Annual Growth Rate
Dollars Raised (\$millions)	\$7.5	\$13.6	\$18.3	\$28.2	\$37.6	38.0%
# of Gifts	6,600	9,592	12,872	15,181	18,663	23.1%
# of Donors	4,741	6,848	7,053	9,236	10,420	17.1%
# of First Time Donors to Purdue	999	1,600	1,748	2,143	2,857	23.4%
# of Gifts from Alumni	1,504	3,918	5,462	6,931	8,028	39.8%
# of Gifts from Faculty/Staff	609	1,232	1,827	2,576	2,702	34.7%
# of Gifts from Students	117	694	734	994	1631	69.4%
# of Gifts from Parents	231	920	1,371	1,869	2,473	60.7%
Class Year with Highest Online Participation	2013	2014	2015	2015	2017	

Win Donors and Influence People

This 24-hour effort is specifically focused on increasing fundraising participation for NC State, using social media and peer networks.

WHAT MAKES A PROGRAM LIKE THIS WORK?

- Activating the power of social media to capture widespread attention through volunteer networks
- Using elements of game theory to motivate participation
- Sparking fun competition between school, program, and student organization affinity groups
- Appealing to nostalgia with campus-related content
- Emphasizing the impact of each individual donation, no matter the size

Leaderboards to drive gamification

Donation Leaderboard

Up For Grabs: \$100,000



The units below each won a share of \$100,000 based on their percentage of the total amount raised on Purdue Day of Giving.

UNIT	TOTAL DONATIONS	% OF TOTAL	BONUS
1. College of Pharmacy	\$9,081,497	24.31%	\$24,313
2. Krannert School of Management	\$5,893,701	15.78%	\$15,779
3. School of Electrical and Computer Engineering	\$3,478,108	9.31%	\$9,312
4. Davidson School of Chemical Engineering	\$2,704,415	7.24%	\$7,240
5. School of Aeronautics and Astronautics	\$2,222,877	5.95%	\$5,951
6. College of Engineering	\$2,105,479	5.64%	\$5,637
7. Purdue Bands and Orchestras	\$1,815,322	4.86%	\$4,860
8. Athletics	\$1,686,151	4.51%	\$4,514

Participation Leaderboard

Up For Grabs: \$58,000



The top ten units below with the greatest number of gifts each won a share of \$58,000 on Purdue Day of Giving.

UNIT	TOTAL GIFTS	BONUS
1. Purdue Bands and Orchestras	2,322	\$12,000
2. Athletics	1,512	\$10,000
3. Purdue Musical Organizations	983	\$8,000
4. Purdue Alumni Association	760	\$7,000
5. College of Liberal Arts	751	\$6,000
6. Purdue Northwest	607	\$5,000
7. College of Engineering	575	\$4,000

Leaderboards - Two Divisions

Red Division:

- College of Humanities and Social Sciences
- College of Agriculture and Life Sciences
- College of Sciences
- Wolfpack Club/Athletics
- College of Engineering
- College of Veterinary Medicine

White Division:

- College of Design
- College of Education
- Division of Academic and Student Affairs
- Poole College of Management
- Wilson College of Textiles
- College of Natural Resources
- NCSU Libraries

Challenge Matches

Hourly Challenges

Up For Grabs: \$80,000



Additional bonus money was awarded throughout the day to winners of the following hourly bonus challenges.

8:00 AM	School/Program with the Highest Number of Donations in This One-Hour Timespan	\$3,000	Purdue Bands & Orchestras
1:00 PM	Most Donations from Alumni Donors	\$4,000	Purdue Bands & Orchestras
4:00 PM	School/Program with the Highest Number of Donations in This One-Hour Timespan	\$3,000	Purdue Bands & Orchestras
8:00 PM	Most Parent Donors	\$4,000	Purdue Bands & Orchestras
9:00 PM	Most Alumni Donors of the Last Decade (2007-2017 Grads)	\$4,000	Purdue Bands & Orchestras
10:00 PM	Most Donations from Alumni Donors	\$3,000	Purdue Bands & Orchestras

Year 1 - Projections

NC STATE UNIVERSITY	Assumptions and Projections Based on Purdue Day of Giving 2014-2016 Average*	Stretch Assumptions and Projections based on Purdue Day of Giving 2016 numbers*
# of solicitable alumni	224,594	224,594
Acquisition (Day of Only)		
# of giving day site visits	11,016	13,890
# of giving day site visitors	6,882	8,215
Conversion (VIP + Day of)		
# of online gifts	3,408	4,945
# of online donors	1,959	2,530
# of online new donors	579	682
Total dollars raised online	\$504,670	\$729,343
Average gift (online)	\$148	\$147
# of call center donors	234	428
Total dollars raised call center	\$27,571	\$49,478
Metrics		
Value per site visit (day of only)	\$73	\$89
Conversion rate (day of only)	28%	31%
# of donors giving more than once online	1,449	2,415
*These projections include a 56% discount due to the differences in solicitable alumni denominator.		

Future years growth

NC STATE UNIVERSITY	Purdue Day of Giving Compound Growth Rate	2020 Assumptions and Projects Based on Purdue Day of Giving 2014-2016 Average*	2020 Stretch Assumptions and Projections based on Purdue Day of Giving 2016 numbers*
Acquisition (Day of Only)			
<i># of giving day site visits</i>	39%	15,313	19,308
<i># of giving day site visitors</i>	28%	8,809	10,515
Conversion (VIP + Day of)			
<i># of online gifts</i>	53%	5,215	7,566
<i># of online donors</i>	54%	3,018	3,896
<i># of online new donors</i>	31%	758	894
<i>Total dollars raised online</i>	83%	\$923,546	\$1,334,698

How can you help?

- Make a gift and share with your peers.
- Stop by our command center.
- If you are active on social media, share the message.
- Consider helping your home college or passion area with a challenge match or incentive gift.
- Key detail: Advocate and Participate!

Questions?



**Board of Trustees Consent Agenda
University Advancement Committee
Naming Opportunities Proposals
February 21, 2019**

Background

As per POL 03.00.02 – Criteria and Procedures for Naming Facilities and Programs, the act of naming a facility or program shall be that of the Board of Trustees, acting after receiving the recommendation of the Chancellor.

Recommended Action

Chancellor W. Randolph Woodson recommends to the Board of Trustees the following program and facilities fundraising projects for approval.

Overview

- **Total Naming Opportunities Proposals:** 2
- **Total Naming Opportunities:** 16
- **Total Gift Amount:** \$2,025,000
- **Colleges/Units Represented:**
 - College of Sciences
 - Division of Academic and Student Affairs

College of Sciences

Bureau of Mines

The Bureau of Mines building will undergo significant renovation to accommodate the administrative and leadership offices for the College of Sciences.

- **Naming Type:** Renovation
- **Total Naming Opportunities:** 14
- **Total Gift Amount of Naming Opportunities:** \$1,925,000
- **Purpose of Funds:** Funds will be directed into an unrestricted endowment to be used at the discretion of the Dean of the College of Sciences.

Division of Academic and Student Affairs

Two Rooms within the Crafts Center, Frank Thompson Hall

A woodworking classroom and a meeting room within the Crafts Center in Frank Thompson Hall are used by students, staff and the public.

- **Naming Type:** Existing
- **Total Naming Opportunities:** 2
- **Total Gift Amount of Naming Opportunities:** \$100,000
- **Purpose of Funds:** Funds will be directed into the Crafts Center Enhancement Fund to support the Center's programs.

Board of Trustees Consent Agenda
University Advancement Committee
Naming Opportunities Proposals
February 21, 2019

Policy References

POL 03.00.02 – Criteria and Procedures for Naming Facilities and Programs

Proposals for Naming Opportunity Approval

Board of Trustees' Meeting
February 21, 2019





College of Sciences

Bureau of Mines Building

- **Naming Type:** Renovation
- **Total Naming Opportunities:** 14
- **Total Gift Amount of Naming Opportunities:** \$1.925 million
- **Timeline:** Renovations begin Spring 2019, anticipated opening Fall 2020
- **Fund Purpose:** Unrestricted endowment to be used at the Dean's discretion



Division of Academic and Student Affairs

Two Rooms within the Crafts Center Frank Thompson Hall

- **Naming Type:** Existing Spaces
- **Total Naming Opportunities:** 2
- **Total Gift Amount of Naming Opportunities:** \$100,000
- **Fund Purpose:** Will be directed into the existing Crafts Center Enhancement Fund for program support





Bureau of Mines List of Naming Opportunities

Summary of Minimum Gift Value Levels	
Number of Opportunities	Minimum Gift Values
5	\$200,000 - \$500,000
9	\$25,000 - \$100,000
14 Opportunities	\$1,925,000

Featured Opportunities	Minimum Gift Value
Entrance Lobby	\$500,000
Entrance Staircase	\$100,000
Elevator	\$25,000

Commented [1]: Added entry staircase at \$100k per ST's instruction 1/15/19.

Meeting Rooms	Floor	Room(s)	Square Feet *	Minimum Gift Value
Meeting Room 1	2	201	392 sq ft	\$100,000
Meeting Room 2	3	303	156 sq ft	\$50,000
Meeting Room 3	2	216	150 sq ft	\$50,000
Meeting Room 4	2	206	150 sq ft	\$50,000
Meeting Room 5	3	318	110 sq ft	\$25,000

Office Spaces	Floor	Room(s)	Square Feet *	Minimum Gift Value
Dean's Administrative Area	3	300-304A	897 sq ft	\$325,000
Dean's Office Suite	3	304 & 304A	403 sq ft	\$250,000
2nd Floor Administrative Suite	2	205-218	1,800 sq ft	\$200,000
3rd Floor Administrative Suite	3	305-319	1,800 sq ft	\$200,000
3rd Floor Lobby	3	300	195 sq ft	\$25,000
Senior Associate Dean's Office	3	315	133 sq ft	\$25,000

*Subject to change

** Not to be proposed to BoT until prospect has been identified.

Office of Donor Services 1/16/2019

BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY
AGENDA

University Affairs Committee
1:15 p.m. – 3:00 p.m. February 21, 2019
Winslow Hall Conference Room

Ann Goodnight, Chair
Members: Tom Cabaniss, Jess Errico, Jim Harrell, Ron Prestage, Susan Ward

CALL TO ORDER
Ann Goodnight, Chair

ROLL CALL
Ann Goodnight, Chair

READING OF STATE GOVERNMENT ETHICS ACT CONFLICT OF INTEREST STATEMENT
Ann Goodnight, Chair

- | | | |
|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 1. | CONSENT AGENDA | TAB 7.1 |
| ✓ | A. Approval of November 15, 2018 Minutes (open & closed session) | 7.1A |
| | B. Request to Change Undergraduate Degree Program Title | 7.1B |
| | a. B.S. in Agricultural and Environmental Technology <u>to</u> B.S. in Biological and Agricultural Engineering Technology | |
| | C. Designation of Time Limited Option for Distinguished Professorships | 7.1C |
| | D. Conferral of Tenure Requests | 7.5A |
| 2. | REQUESTED ACTION | TAB 7.2 |
| ✓ | A. Revisions to Policy 05.15.03 – Non-Salary and Deferred Compensation
<i>Presenter: Marie Williams, Associate Vice Chancellor, Human Resources</i>
<u>Rationale:</u> Updates are to comply with new IRS rules related to moving expenses and to include the proposal of a lump-sum relocation allowance (for household moving expenses, house-hunting trips and/or temporary housing.) | 7.2A |
| 3. | REPORTS | TAB 7.3 |
| | A. Annual Report on Intercollegiate Athletics
<i>Presenters: Mike Mullen, Vice Chancellor and Dean, Division of Academic and Student Affairs</i>
<i>Katie Graham, Assistant Dean and Director, Academic Support Program for Student Athletes</i> | 7.3A |

-
- | | | |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| B. | Graduation Report
<i>Presenter: Louis Hunt, Senior Vice Provost, Enrollment Management & Services</i> | 7.3B |
| C. | Student Body President Report
<i>Presenter: Jess Errico, Student Body President</i> | 7.3C |
| D. | Provost Update
<i>Presenter: Warwick Arden, Executive Vice Chancellor and Provost</i> | 7.3D |
| | a. Academic Programs Update | 7.3D.a. |
| | <ul style="list-style-type: none"> • MOA for 3+2 Master's Program with Chongqing University of Post and Telecommunications • Graduate Certificate Program Title Change – Public Policy <u>to</u> Policy Analysis • Bachelor of Science in Biomedical Engineering <u>to</u> Joint Bachelor of Science in Biomedical and Health Sciences Engineering • New Delivery Mode - Master of Accounting | |
| | b. Reappointment, Promotion and Tenure Process Update (no materials) | |
| | c. Update on Leadership Position Searches and Leadership Reviews (no materials) | |
| | d. AP Credit Update (no materials) | |
| 4. | TOPIC OF INTEREST/COMMITTEE DISCUSSION | TAB 7.4 |
| | A. Complementing the Tenure Track: Professional Faculty at NC State
<i>Presenter: Katharine Stewart, Vice Provost, Faculty Affairs</i> | |
| 5. | CLOSED SESSION | TAB 7.5 |
| ✓ | A. Personnel Matters | 7.5A |
| | B. Honorary Awards | 7.5B |
| 6. | RECONVENE OPEN SESSION | |
| 7. | ADJOURN | |

CONSENT AGENDA ITEMS

MINUTES

UNIVERSITY AFFAIRS COMMITTEE

Board of Trustees
North Carolina State University
November 15, 2018

The University Affairs Committee of the Board of Trustees of North Carolina State University met November 15, 2018 in the Winslow Hall Conference Room.

Members Present: Susan Ward, Acting Committee Chair
Tom Cabaniss
Jess Errico
Jim Harrell
Ron Prestage
Jimmy Clark, Board Chair

Mrs. Susan Ward chaired the meeting in Mrs. Ann Goodnight's absence. Mrs. Ward called the meeting to order at 1:16 p.m. The roll was called and a quorum was present.

All members of the committee were reminded of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act. It was inquired as to whether there were any known conflicts of interest or appearances of conflict with respect to any matters coming before the committee at this meeting. There being none, the meeting continued.

Consent Agenda

A motion was made by Mr. Cabaniss to approve the consent agenda items which included approval of the September open and closed session meeting minutes; approval to establish The Moise Khayrallah Center for Lebanese Diaspora Studies (KCLDS); approval of the degree program title change from Masters of Education in Science Education to Masters of Education in Science, Technology, Engineering and Mathematics Education (STEM Ed); approval to discontinue two degree programs: Masters of Education in Technology Education and Masters of Education in Mathematics Education; and designation of a time limited option for three distinguished professorships. Mr. Harrell seconded the motion. The motion carried.

Requested Action

Tuition and Fees

Chancellor Woodson presented the recommendations from the Tuition Review Advisory Committee and the Fee Review Committee for the 2019-2020 year. These recommendations are in keeping with the instructions provided to campuses from the UNC System Office for this year's process and have been supported by the Chancellor. The instructions include no increases for resident undergraduate tuition.

The Tuition Review Advisory Committee, co-chaired by the Provost and the Student Body President, approved the following campus initiated tuition increase (CITI) recommendations:

- a 0% tuition increase for undergraduate residents (new cohort)
- a 3% increase for undergraduate nonresidents
- a 2% increase for graduate residents
- a 4% increase for graduate nonresidents.

The Committee recommended that 33.7% of the tuition increase revenue be allocated to need-based financial aid, that 26.5% be allocated to provide funding to the Graduate Student Support Plan, that 27.2% be used to improve quality and accessibility of the NC State educational experience, and that 12.6% be used to provide funding for faculty promotional increases.

Next, the fee recommendations for 2019-2020 were presented. The Fee Review Committee, co-chaired by the Vice Chancellor and Dean of the Division of Academic and Student Affairs and the Student Senate President, voted unanimously to maintain fees at current levels for the 2019-2020 academic year with no fee increases.

After discussion, a motion was made by Dr. Prestage, and seconded by Mr. Cabaniss, to recommend to the full board approval of the 2019-2020 campus initiated tuition increase requests and student fee recommendations as outlined in Chancellor Woodson's recommendation under Tab 7.2A. The motion carried.

Premium Tuition Request

The committee was informed that the Tuition Review Advisory Committee also recommended a premium tuition request for the Master in Foundations of Data Science program. NC State is in the process of requesting approval of the program to be established and implemented for Fall of 2020. Concurrently, a new tuition premium of \$5,600 per year beginning in Fall 2020 is being requested for the program. The UNC System Office requires both the premium tuition request and program establishment request be submitted to the Board of Governors at the same time. The Master in Foundations of Data Science is an interdisciplinary program to be offered by the Departments of Computer Science, Mathematics, and Statistics that will train the next generation of professionals for careers in industry, government, and academia. Dr. Prestage moved to recommend to the full board approval of the premium tuition request for the Foundations of Data Science program. Mr. Cabaniss seconded the motion. The motion carried.

Undergraduate Degree Programs: 120 Credit Hour Exception Requests

Vice Chancellor and Dean Mike Mullen explained the UNC Board of Governors recently amended UNC Policy 400.1.5 to stipulate that "Constituent institutions will require no more than 120 semester credit hours for a four-year baccalaureate degree program unless an exception is granted by a board of trustees." To comply with the 120 credit hour mandate, each college examined its degree programs and has taken steps to adjust them, if needed, or request an exception. Currently, out of NC State's 102 undergraduate degree programs, 80 exceed 120 hours. Of these 80, 60 are revising their curricula by various means including planning minor curriculum changes such as dropping a course or eliminating electives in order to bring the credit hours required for graduation to 120 by fall of 2019. The remaining 20 degree programs are requesting an exception from this mandate. The 20 exceptions include 17 requests from the College of Engineering, and one request each from the Colleges of Design, Education and Natural Resources. All of the exception requests are associated with accreditation and/or licensure requirements. Dr. Prestage moved to recommend to the full board approval that 20 degree programs be granted an exemption from the 120 credit hour requirement in UNC Policy 400.1.5. This includes 17 degree programs in the College of Engineering and one each in the Colleges of Design, Education and Natural Resources. Mr. Harrell seconded the motion. The motion carried.

Bonus Structure

Director of Athletics Deborah Yow discussed updates to the bonus structure for track & field and cross country which requires approval per Non-Salary and Deferred Compensation Policy 05.15.03. The existing structure is the most out of date among all 23 teams. The proposed new structure is in keeping with those utilized for all sports. Mr. Cabaniss moved to approve the bonus structure as presented. Dr. Prestage seconded the motion. The motion carried.

Informational Reports

The committee received several reports. First, Chancellor Woodson shared that North Carolina native Dr. Christine Darden will deliver December's commencement address and receive an Honorary Degree. Dr. Darden is an internationally recognized expert in high-speed aerodynamics and sonic-boom research. Over her 40-year career with NASA, she won dozens of honors, including two NASA medals: one for her work and leadership of the sonic boom program and one for her active involvement in encouraging students to pursue careers in math and science. She received the Black Engineer of the Year Outstanding Achievement in Government Award and the Women in Science and Engineering Lifetime Achievement Award.

Next, Dr. Carolyn Bird, Chair of the Faculty, provided an update on Faculty Senate activities. The Faculty Senate has been busy discussing topics ranging from Campus IT Accessibility to the Salary Equity Study. The Fall General Faculty meeting was held on October 30 with Student Well-Being as the main discussion topic.

In his report, Dr. Jason Painter, Staff Senate Chair, noted the Staff Senate has addressed many constituent questions and concerns during this year's first quarter including items related to Hurricane Florence adverse weather time reporting, annual enrollment processes and the annual raise process. Staff Senate has created a new committee on "Employee Experience and Relations" that deals with issues such as work/life balance, campus environment and transportation. One of the first initiatives this committee is working on is to establish a Staff Advisory Council in every college and administrative area to better address local staff needs.

Provost Arden informed the committee about a new academic certificate and dual degree partnership and provided information about faculty retentions. The on-campus undergraduate certificate in Field Botany will be offered jointly by the Departments of Plant and Microbial Biology and Forestry and Environmental Resources. The certificate requires 14 hours of traditional course work in four courses and will be helpful to students in securing employment with the U.S. Army Corps of Engineers, the U.S. Fish and Wildlife Services, and private consulting firms and conservation organizations. The Wilson College of Textiles and Zhejiang Sci-Tech University have proposed a dual degree partnership that would enable students to earn dual Master of Textiles (MT) degree from NC State, and Master of Engineering degree from Zhejiang Sci-Tech University (ZSTU) in 3 years of full-time study. Finally, Provost Arden provided a report on faculty retentions. Over the past seven years, NC State has made 120 counteroffers and 204 pre-emptive retention offers. Sixty-three percent (63%) of counteroffers were successful and 93% of the pre-emptive retentions were successful. The overall success rate of counter offers and pre-emptive retentions was 81% over this seven year period. Committee discussion focused on the programs in place such as the University Faculty Scholars Program to recognize and retain top faculty.

Closed Session

At 2:42 p.m. a motion was made by Chair Ward, and seconded by Dr. Prestage, to go into closed session to prevent the premature disclosure of an honorary degree or award and to establish the amount of compensation and other materials terms of an employment contract or proposed employment contract. The motion carried.

Reconvene in Open Session

After coming out of closed session, Chair Ward announced the meeting in open session.

Dr. Prestage moved to approve the Head Coach Employment Agreement for Women's Track and Field and Cross Country as discussed in closed session. Mr. Cabaniss seconded the motion. The motion carried.

With no further business, Chair Ward announced the meeting adjourned at 3:20 p.m.

Susan P. Ward, Acting Committee Chair

NC STATE UNIVERSITY

Department of Biological
and Agricultural Engineering

MEMORANDUM

To: Dr. Michael Mullen
Vice Chancellor and Dean of the Division of Academic and Student Affairs

From: Dr. Garey Fox, P.E., Professor and Department Head
Department of Biological and Agricultural Engineering

Date: May 16, 2018

Subject: Change in Degree Program Title
Current Title: Agricultural and Environmental Technology
SIS Code: 11AGEVTBS
CIP Code: 01.0201

Proposed New Title: Biological and Agricultural Engineering Technology

Proposed New SIS Code: 11BAETBS

Proposed Effective Date: August 1, 2019

Reason for Title Change: With today's reliance on the tools of science and technology, the increasing need to produce a safe and abundant food supply, and increasing concerns about environmental sustainability, there is a significant need for graduates with the ability to use technology for the management of biological and agricultural systems. While this has always been the goal of the Agricultural and Environmental Technology program, the program (i) has not been able to attract the desired quality of students to meet the program's goals, (ii) fails to market the degree as a four-year degree program that interfaces with engineering to prospective students, and therefore, (iii) puts our graduates at a competitive disadvantage compared to other national institutions with similar degrees. Furthermore, students do not feel as connected to the department because of the variation of the program name from the department's name. Finally, this change allows the program to pursue accreditation through the Engineering Technology Accreditation Commission of ABET as the current program fits ABET's curricular and career thoughts on engineering technology. Therefore, the Department of Biological and Agricultural Engineering requests permission to change the Agricultural and Environmental Technology degree program name to the B.S. in Biological and Agricultural Engineering Technology. Changing the degree program name to Biological and Agricultural Engineering Technology is strongly supported by current students in the program, unanimously supported by the department's Advisory Board representing potential employers of the program's graduates, supported by alumni and employers based on an external survey, and unanimously supported by the faculty.

Impact to the Classification: The title change does not impact the classification of the CIP code.

Impact to Other Programs or Departments: The revision does not impact other programs or departments, as this is the only engineering technology program. The department has consulted with the Associate Dean of Academic Affairs in the College of Engineering, who is supportive of the request since the program fits ABET's curricular and career thoughts on engineering technology.

Impact on Current Students: Current students will not be impacted in completing their degrees.

Please do not hesitate to contact me (919-515-6700, gafox2@ncsu.edu) with any questions about this request.

NC STATE

Andy Hale <hale@ncsu.edu>

Curriculum Action

2 messages

Andy Hale <hale@ncsu.edu>

Tue, Aug 7, 2018 at 11:32 AM

To: Stacy Supak <stacy_supak@ncsu.edu>


Stacey,

I am in the process of preparing a curriculum action for the B.S. in Agricultural and Environmental Technology which includes dropping GIS 410 as an elective and replacing it with GIS 280. Is this acceptable for you? I do not anticipate more than 5 students a year would be taking GIS 280. A copy of the curriculum action has been attached for your review.

Thanks for your input,
Andy

--
S. Andrew Hale, Ph.D.
Professor, Undergraduate Coordinator and Associate Head
Department of Biological and Agricultural Engineering
108 D.S. Weaver Labs
North Carolina State University
Raleigh, NC 27695-7625
Phone: (919) 515-6760
FAX: (919) 515-7760
Andy_Hale@ncsu.edu
[Appointment Calendar](#)
<http://www.bae.ncsu.edu/people/faculty/hale/>

--
All electronic mail messages in connection with State business sent to or received by this account are subject to the NC Public Records Law and may be disclosed to third parties.

 **AET Revision to 120 Credit Hours.pdf**
925K**Stacy Supak** <sksupak@ncsu.edu>

Thu, Aug 9, 2018 at 1:07 PM

To: Andy Hale <hale@ncsu.edu>, Eric Money <esmoney@ncsu.edu>

Hi Andy,

Thank you for sharing the curriculum action form.
It looks good to me.

-Stacy

[Quoted text hidden]

--
=====

Stacy Supak, PhD
Teaching Assistant Professor
[Center for Geospatial Analytics](#)
North Carolina State University
5121 Jordan Hall
Raleigh, NC 27695
(919) 513-8026

ENDORSED BY:



Head, Biological & Agricultural Engineering Department
8/9/2018
Date

APPROVED BY:


Provost
4/25/18
Date


Chancellor
12/19/18
Date

RECOMMENDED BY:


Chair, Courses and Curricula Committee
College of Agriculture and Life Sciences
8/24/18
Date

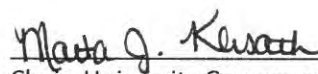

Chair, Courses and Curricula Committee
College of Engineering
30 Aug 18
Date

ENDORSED BY:


Dean
College of Agriculture and Life Sciences
8/24/2018
Date


Dean
College of Engineering
8/30/18
Date

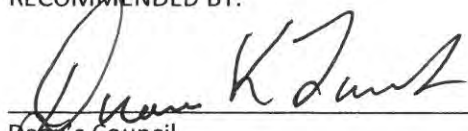
RECOMMENDED BY:


Chair, University Courses and Curricula Committee
9/26/18
Date

APPROVED BY:


Dean
Division of Academic and Student Affairs
9/26/18
Date

RECOMMENDED BY:


Dean's Council
11/29/18
Date

North Carolina State University
Undergraduate Degree in Biological and Agricultural Engineering Technology

This request has been reviewed and approved by the appropriate campus committees
and authorities.

Endorsed By:

See Document Signature
Head, Department/Program _____ Date _____

Recommended By:

See Document Signature
Chair, College Curriculum Committee _____ Date _____

Endorsed By:

See Document Signature
College Dean _____ Date _____

Recommended By:

Vice Provost, DELTA (if DE degree/certificate) _____ Date _____

Recommended By:

See Document Signature
Chair, University Courses & Curricula Committee _____ Date _____

Approved By:

See Document Signature
Dean, (DASA or the Graduate School) _____ Date _____

Recommended By:

[Signature]
Dean's Council _____ Date 11/29/18

Approved By:

[Signature]
Executive Vice Chancellor and Provost _____ Date 11/28/18

Approved By

[Signature]
Chancellor _____ Date 12/19/18

Designation of Time Limited Option for Distinguished Professorships

Background: Donors who endow a distinguished professorship at NC State University may elect to pursue matching funds available through the state's Distinguished Professors Endowment Trust Fund (DPETF). In accordance with state statutes, as well as University of North Carolina system and NC State University policies, the NC State University Board of Trustees (BoT) is authorized to designate that endowed distinguished professorships seeking DPETF matching funds may be time limited.

We request this designation from the BoT when a donor agreement indicates intent that a distinguished professorship be awarded, or potentially awarded, at a rank other than professor (i.e. assistant, associate professor) and/or for a period other than an individual's full career.

This designation provides the university with the maximum flexibility in awarding the distinguished professorship over time. Still, the overwhelming majority of NC State's distinguished professorships are offered to professors for the duration of their career at NC State.

Recommended Action: We request designation of the following distinguished professorships which may be time limited:

1. Goodnight Distinguished Chair in Molecular Toxicology, Executive Vice Chancellor and Provost, \$2.67M endowment
2. Goodnight Distinguished Chair in Quantum Computing, Executive Vice Chancellor and Provost, \$2.67M endowment
3. Goodnight Distinguished Professorship in Geospatial Analytics, Executive Vice Chancellor and Provost, \$2.167M endowment
4. Goodnight Distinguished Professorship in Artificial Intelligence and Machine Learning, Executive Vice Chancellor and Provost, \$2.167M endowment

Policy References:

[UNC Policy 600.2.3 - Distinguished Professors Endowment Trust Fund](#)

[NCSU Policy 01.05.01 – Board of Trustees Bylaws](#)

[NCSU Regulation 05.20.17 – Professorships of Distinction](#)

Conferral of Academic Tenure:

The information regarding conferral of academic tenure is included in the Closed Session Materials – Tab 7.5A.

REQUESTED ACTION ITEMS

PROPOSED NEW REGULATION: POL: 05.15.03 Non-Salary and Deferred Compensation

Rationale: Due to new IRS rules (effective January 2018) which made moving expenses now fully taxable to employees, the policy has been updated to reflect this IRS change. In addition, the University proposes to make changes to this policy in order to permit payment of a lump-sum relocation allowance that includes an allowance for these 3 types of moving expenses (household moving expenses, house-hunting expenses and temporary housing).

Review Process:

12/2/18 VC for F&A/AVC for HR authorizes transmittal of PRR for review

11/29/18 General Counsel preliminary review for legal issues

12/3/18 General Counsel final review

12/11/18 [Cabinet, or official with delegated authority to approve PRR] final approval

01/14/19 University Council (approval/notification), if applicable

02/21/19 Board of Trustees (approval/notification), if applicable

NC STATE UNIVERSITY
Policies, Regulations and Rules

Authority	Board of Trustees
Title	Non-Salary and Deferred Compensation
Classification	POL05.15.03
PRR Subject	Employment
Contact Info	Associate Vice Chancellor, Human Resources (919-515-3443), <u>University Controller (919-XXX-XXXX) and</u> or Director, Payroll (919-515-2062)

History: First Issued: February 19, 2010. Last Revised: September 22, 2017.

Related Policies:

UNC Policy Manual 300.2.14 - Non-Salary and Deferred Compensation
UNC Policy Manual 300.2.14[R] - Regulations for Deferred Compensation for Chancellors

UNC Policy Manual 300.1.5 - Occupation of Official Residences of the Chancellors and President

UNC Policy Manual 1100.3 - Head Coaches' and Athletic Directors' Contracts

UNC Policy Manual 300.2.13 - Supplemental Pay Policy for Employees Exempt from the State Personnel Act

NCSU REG08.00.02 - Computer Use Regulation

NCSU REG01.20.01 - Delegations of Authority for Appointments, Compensation and Other Personnel Actions for Employees Exempt from the State Personnel Act (EHRA)

Additional References:

State Budget Manual

UNC Job Categories (JCATS)

Non-Salary Compensation Form

1. INTRODUCTION

1.1 UNC Policy 300.2.14 requires each campus of the University of North Carolina to develop a policy on non-salary compensation that is provided to employees who are exempt from the State Human Resources Act (EHRA). This policy establishes guidelines and procedures for deferred compensation and non-salary compensation at North Carolina State University (NC State).

1.2 Within the parameters outlined below, non-salary compensation may be provided for reasons that are relevant to attracting or retaining faculty and staff of the highest possible quality. Decisions concerning non-salary compensation shall not be based on [a Protected Status as defined by NCSU POL 04.25.05 \(Equal Opportunity, Non-Discrimination and Affirmative Action Policy\)](#), ~~age (40 or older), color, disability, gender identity, genetic information, national origin, race, religion, sex (including pregnancy), sexual orientation, or veteran status.~~

1.3 In accordance with UNC Policy 300.2.14, this policy specifies non-salary compensation that is provided uniformly to defined categories of employees. Advance approval by the NC State Board of Trustees (BOT), which may be delegated to its University Affairs Committee, is required for any other non-salary compensation.

2. APPLICABILITY OF, AND EXEMPTIONS FROM, THE POLICY

2.1 This policy applies to EHRA employees at NC State, except –as follows:

2.1.1 Chancellors are exempt from this policy. UNC Policy 300.2.14, Section C, addresses non-salary and deferred compensation for the Chancellor and UNC Policy 300.1.5 addresses the official residence provided to the Chancellor.

2.1.2 Athletic directors and head coaches to whom contracts are issued are exempt from most provisions of this policy, but are subject to policy 1100.3 of the UNC Policy Manual. Non-salary and/or deferred compensation that falls outside of the terms of an athletic director's or coach's contract is subject to this policy.

2.1.3 Athletic coaches with at-will appointments are covered by this policy.

2.1.4 Deferred compensation that is included as part of formal faculty medical (including veterinary) practice plans is exempt from this policy.

3. DEFINITIONS

3.1 Deferred or Delayed Salary/Compensation

3.1.1 For purposes of this policy, “deferred” or “delayed” salary or compensation is defined broadly as including, but not limited to, any payment or contribution by the institution or one of its associated entities, whether paid directly to the employee, to the employee’s account or plan, or to a person acting in a capacity similar to a trustee for the employee, and which is paid later than the regular or next subsequent payment cycle (except for a payroll error that is promptly corrected upon discovery).

3.1.2 Delayed and deferred salary or compensation includes traditional 457 deferred compensation plans, retirement plans or accounts, annuities, and life insurance, that accumulate cash value. This definition includes both tax qualified and non-qualified plans, and any other similar form of payment, whether tax sheltered or not.

3.1.3 The State of North Carolina and NC State offer employees standard benefit offerings for deferred compensation, including voluntary 457, 403(b), and 401(k) options; contributions to those plans by the institution or its associated entities are not permitted under UNC policy.

3.1.4 This policy does not prohibit the institution from making permitted employer contributions to the Teachers and State Employees Retirement System (TSERS) or the Optional Retirement Program (ORP).

3.1.5 Unless expressly approved by the Board of Governors, neither NC State nor its associated entities may provide any other employer-paid, entity-paid, or privately-paid options for deferred compensation to any employee.

3.2 Non-Salary Compensation

3.2.1 For purposes of this policy, non-salary compensation includes all compensation of monetary value *other than* (a) base salary; (b) salary supplements for additional temporary, acting, interim, or administrative responsibilities beyond base salary; (c) honor supplements that are part of formally-established programs at the departmental, college, university, or UNC level, such as stipends associated with named or endowed professorships; or (d) one-time award recognition programs established and administered at the college/division, university, or UNC level, such as the university’s annual Awards for Excellence and Service Recognition programs. Any other awards of non-salary compensation at the departmental or unit level that require advance BOT approval.

3.2.2 Non-salary compensation also includes, but is not limited to, payment of a relocation allowance, payment of moving expenses, provision of a motor vehicle or motor vehicle

allowance, ~~provision of housing or housing allowances~~, club memberships, or other special benefits provided for job-related reasons and business necessity.

3.3 Exclusions from the Definition of “Non-Salary Compensation”

3.3.1 Items that are required by the organization for the express purpose of conducting University business are not considered “non-salary compensation” and are not covered by this policy. Examples include, but are not limited to, interview expenses incurred by job candidates as part of a University recruitment, provision of housing when occupancy of such housing is required as part of the job; reimbursement of professional or work-related travel expenses, including mileage reimbursement for business use of a personal vehicle, and allowable per diem meal expenditures; payment of required visa-related fees for work authorization of non-resident alien employees; and the provision of equipment to perform the work of the position, even if used at home, including computers, cellular phones, personal data assistants (PDA), pagers and similar work-related items, and including occasional personal use as authorized under NCSU REG08.00.02 - Computer Use Regulation.

3.3.2 Some direct expenses associated with remote work assignments, such as extended foreign assignments for less than twelve months, may be excluded from the definition of non-salary compensation in accordance with tax law, and must be evaluated on a case-by-case basis by the University Payroll Office and the Office of General Counsel.

3.3.3 In accordance with the State Budget Manual, interview-related travel and lodging expenses for EHRA job candidates isare considered official state business and may be paid with state appropriated funds. Payment/reimbursement of such expenses is not considered to be compensation to the individual and is not treated as taxable income. Expenses of accompanying family members cannot be paid or reimbursed with state funds.

3.4 Funding Source

3.4.1 The funding source for non-salary compensation shall be from sources other than state-appropriated funds, except as noted below. Non-salary compensation may be provided by an associated foundation or other associated entity only if permitted by that entity’s policies and approved by the BOT. The BOT may approve an exception permitting non-salary compensation to be funded from state-appropriated funds only when also permitted by the Office of State Budget and Management (OSBM).

3.5 Tax Implications

3.5.1 Non-salary compensation shall be appropriately reported to federal and state tax agencies. The value of personal use that is deemed not to be job-related must be reported and assessed appropriate taxes.

4. TYPES OF NON-SALARY COMPENSATION

4.1 ~~Household Moving Relocation Allowance~~ Expenses

4.1.1 In accordance with the State Budget Manual, ~~moving relocation allowances expenses (e.g., moving expenses, house-hunting trips, temporary housing)~~ cannot be paid from state-appropriated funds for initial employment ~~and are fully taxable to the employee. Actual costs of moving standard household goods and personal effects may be paid from non-state-appropriated funds subject to availability for this purpose and requires three estimates in accordance with the State Budget Manual [SALH].~~

Only discretionary funds can be used for relocation allowances.

4.1.2 The Chancellor is delegated with the authority to provide payment of a moving relocation allowance expenses in an employment offer, and may further delegate such authority no lower than the Executive Vice Chancellor and Provost, ~~Vice Chancellor~~ or Dean level.

4.1.2.1 **NCSU REG01.20.01 - Delegations of Authority for Appointments, Compensation and Other Personnel Actions for Employees Exempt from the State Personnel Act (EHRA)**, in effect on the date of the adoption of this policy authorizes such delegation by the Chancellor. Accordingly, the Chancellor has issued a standing authorization for moving relocation allowances (up to a designated limit) as part of an initial appointment offer for permanent full-time tenured, tenure-track, non-tenure track faculty, and other EHRA non-faculty employees. The Chancellor has issued a standing authorization to the Athletic Director for moving relocation expenses (up to a designated limit) as part of an initial appointment offer for coaches, assistant coaches, assistant/associate athletic directors, and other EHRA non-faculty employees in the Department of Athletics. Such delegations and authorization levels may be subsequently changed or updated outside of this policy, as long as any such change remains in compliance with UNC policy.

4.1.3 ~~Household moving Relocation~~ allowance exceptions that exceed the designated limit must be authorized in advance on a case-by-case basis by the Chancellor, ~~Provost and~~ Executive Vice Chancellor and Provost, or supervising Vice Chancellor. Relocation allowance requests that exceed the designated limit will be limited to the actual amount of relocation expenses incurred, or up to the approved relocation allowance amount, supported by receipts.

4.1.4 All relocation allowance requests must be submitted and processed using the University's designated Non-Salary and Deferred Compensation Form.

4.1.5 Not every offer/appointment is intended or required to include such provisions, and its inclusions should be based on business necessity to attract well-qualified candidates, and contingent upon the availability of discretionary funds.

4.2 ~~House-hunting~~ Expenses

~~4.2.1 The State Budget Manual provides guidance for employee travel and subsistence for the purpose of house hunting with family. This policy allows for up to three two (2) day trips or~~

~~one four (4) day/three (3) night trip for house hunting purposes. Such house hunting expenses related to initial employment cannot be paid from state appropriated funds.~~

~~4.2.2 All EHRA positions are eligible for the house hunting expense reimbursement set forth in section 4.2.1. House hunting expenses for eligible employees and their accompanying family members must be authorized in advance on a case by case basis by the Chancellor, Provost and Executive Vice Chancellor, or supervising Vice Chancellor.~~

~~4.2.3 Not every offer/appointment is intended or required to include such provisions, and its inclusions should be based on business necessity to attract well-qualified candidates.~~

4.3 Temporary Housing

~~4.3.1 Positions categorized as top executive officers (JCAT group 1A), senior institutional/chief functional officers (JCAT group 1B), tenured full professors (JCAT 200), head coaches (JCAT 498) and assistant coaches (JCAT 499) may be reimbursed for receipted temporary housing costs as part of the initial hire, up to \$3,000 per calendar month for up to 6 months (3 months for assistant coaches). Temporary housing costs that exceed these limits, duration, or that are provided to any other EHRA employee, must be authorized in advance on a case by case basis by the Chancellor, Provost and Executive Vice Chancellor, or supervising Vice Chancellor.~~

~~4.3.2 Not every offer/appointment is intended or required to include such provisions, and its inclusions should be based on business necessity to attract well-qualified candidates.~~

4.3.3 Remote Work Assignment

a. Any EHRA employee covered by this ~~P~~policy may be reimbursed for receipted expenses, including temporary housing and other incidental living costs necessary to facilitate a temporary out-of-state or foreign-duty work assignment (e.g., study abroad assignments, remote research stations, etc.), not to exceed \$2,500 per calendar month for a period not to exceed one year, with the approval of the Chancellor, the Executive Vice Chancellor and Provost, or the supervising Vice Chancellor or Dean.

b. The Chancellor shall have the authority to authorize temporary housing and other incidental living costs per item a. above in an amount not to exceed \$5,000 per calendar month and/or a total duration of up to 18 months, when deemed necessary to conduct legitimate University business that is out-of-state or related to a foreign-duty work assignment.

c. Any reimbursements that exceed these limits or duration must be authorized in advance on a case-by-case basis by the ~~Board of O~~Trustees.

4.4 Vehicle and Parking Costs

Vehicle and parking costs for all categories of EHRA employees except those listed below must be authorized in advance on a case-by-case basis by the BOT. Any personal use of such vehicles must be reported and is considered taxable income.

4.4.1 The following positions are authorized as resources allow (but are not required) by this policy to receive one lease vehicle, courtesy vehicle, or comparable vehicle allowance up to

\$7,500 in value (plus associated vehicle insurance, vehicle tax expenses, and campus parking permits, if any) for the primary purpose of conducting university business: the university's chief advancement officer; the university's chief development officer; the university's chief alumni affairs officer; and the chief development officer of each college. The university's athletic director and head coaches to whom contracts are issued may receive vehicles as provided under the express terms of those contracts. Employees who receive a leased car or courtesy car are responsible for reporting personal mileage to their departments.

4.4.2 The following positions in athletics are authorized (but are not required), as resources allow, to receive one vehicle or comparable allowance (no associated vehicle costs are provided):

- (a) head coaches appointed at-will
- (b) the assistant coaches, director of operations, and head strength/conditioning coach for football, men's basketball, and women's basketball;
- (c) assistant coaches for baseball and volleyball; and
- (d) the head athletic trainer and the director of high school recruiting for football

4.5 Club Memberships

4.5.1 Positions categorized as top executive officers (JCAT 1A), senior institutional/chief functional officers (JCAT 1B), and the chief advancement officer of each college may be provided with memberships at the University's institution-affiliated clubs (The State Club and/or the University Club) for job-related purposes. Personal use is taxable as noted below.

4.5.2 University departments may hold a "departmental" membership, in the name of the department head, for departmental business use only at either of the University's institution-affiliated clubs, if such memberships are allowed by club policy. Such memberships must be approved in advance by the Chancellor or designee. All personal use of departmental memberships is prohibited.

4.5.3 The Provost, and the university's chief advancement officer may be provided with one external club membership for job-related purposes; any such club must have a non-discrimination policy prohibiting discrimination against groups protected by federal and North Carolina law.

4.5.4 Individuals who hold academic rank and a primary faculty appointment in the department of physical education – and whose primary role is to provide physical education instruction to students -- as well as EHRA employees in the departments of physical education, campus recreation, and athletics whose primary responsibilities involve providing the direct physical training of students/athletes and/or ensuring the safety and maintenance of fitness and physical education equipment — may be provided membership or access to Carmichael Complex or Athletics fitness facilities (as appropriate) for job-related purposes.

4.5.5 All other memberships in health clubs/fitness facilities, as well as any club memberships for all other categories of EHRA employees, must be authorized in advance on a case-by-case basis by the BOT.

4.5.6 In no case may the funding source for club memberships be state-appropriated funds. Use of an authorized club membership for personal reasons must be reported for tax purposes, and is considered taxable income. Under IRS regulations, all use is assumed to be personal and taxable unless all usage is documented and reported to the University Payroll Office, distinguishing each instance of business/job-related use.

4.6 Athletic and Cultural Events

4.6.1 Positions categorized as top executive officers (JCAT 1A) and senior administrators/chief functional officers (JCAT 1B) may be provided with admission to university-related athletic or cultural events for job-related purposes, including admission for an accompanying guest, if the guest is expected to assist in university-related hosting activities.

4.6.2 Athletic event tickets may be provided for coaches and athletics administrators in accordance with a standardized, position-based schedule that is maintained by the Athletic Director and approved by the Chancellor.

4.6.3 Athletic or cultural event tickets or related amenities provided to any EHRA employee for discretionary (non-business-related) use must be authorized in advance on a case-by-case basis by the BOT, must be reported for tax purposes, and is considered taxable income, except that excess single-use tickets to campus events that could not otherwise be sold (and as a result are deemed to have no market value) may be distributed on a non-discriminatory basis as occasional employee recognition/appreciation awards by the Chancellor, Provost and Executive Vice Chancellor, Vice Chancellor, or Dean.

4.7 Discounts and Privileges

4.7.1 Employee discounts on products or services such as those offered through university dining, bookstore, or other university business operations, if offered, must be made available to all benefits-eligible University employees and may not exceed 20% of the cost charged to non-employee customers for the same products or services. Any cost waiver or discount exceeding 20% must be reported to the University Payroll Office as taxable compensation on a case-by-case basis.

4.7.2 Occasional meals or refreshments of *de minimis* value that are furnished on business premises for the convenience and benefit of the employer (such as coffee or a working lunch provided to a group of employees at a meeting) are permitted in accordance with the State Budget Manual if state funds are used.

4.7.3 Regular meal privileges or lodging provided to an employee as a *required* condition of employment (i.e., meals provided to dining service employees who cannot leave their

workplace during meal service hours, or housing provided to dormitory resident advisors) may be permitted; employing units should consult with the University Payroll Office in advance.

4.7.4 One meal per work shift may be provided to the following positions within the department of university dining for job-related purposes to help ensure quality control: director and associate director of dining services, as well as the directors of dining hall operations, retail operations, marketing, and catering, and the department's chief dietician and executive chef.

4.7.5 Meals for coaches, athletic trainers, and sports supervisors interacting directly with athletes at training table during that sport's season are authorized as a job-related purpose under this policy.

4.8 Incentive & Overload Compensation

4.8.1 Incentive payments provided to employees for participating in an approved research study conducted by NC State are authorized by this policy. Payments of cash or equivalent (such as gift certificates with a specific face value) must be included as compensation through payroll and are taxable.

4.8.2 Incentive-based compensation beyond base salary provided to any Athletics employee (other than the athletic director and head coaches with contracts covered by UNC Policy 1100.3, who are exempt from this policy), for reasons including, but not limited to, reaching performance goals such as post-season playoffs or student academic achievement levels, must be approved on a case-by-case basis by the BOT.

4.8.3 Compensation paid from NC State-associated entities to faculty who teach in executive education or comparable programs is authorized by this policy. Payments in excess of 20% of the faculty member's annual base salary -- from all sources including supplemental or overload pay that is subject to the 20% overload limit -- must be approved on a case-by-case basis by the Chancellor, on recommendation of the Dean and Provost.

4.8.4 Any form of incentive-based compensation beyond base salary to be paid to any EHRA employee in recognition of performance or productivity, except as provided for in this policy, must be expressly authorized by the Chancellor and the BOT and conform with any relevant policies and guidelines of the BOG then in effect.

4.9 Educational Assistance, Dependent Care, and Related Benefits

4.9.1 Any employer-provided benefits in excess of current IRS limits for qualified educational assistance, dependent care, or similar benefit programs must be authorized in advance by the Chancellor or Provost, and must be reported to the University Payroll Office as taxable compensation on a case-by-case basis.

4.10 All Other Non-Salary Compensation

4.10.1 Provision of any other form of non-salary compensation or benefit -- including but not limited to, cash, gifts, gift certificates, prizes, awards, additional paid time off, parking fee

waivers, payment of visa-related fees for family members of a non-resident alien employee, or access to special campus services or benefits -- must be authorized in advance on a case-by-case basis by the Chancellor up to \$500 or the BOT, if more than \$500; and, if approved by either, must be treated as taxable income as applicable.

REPORTS

NC STATE
Academic and
Student Affairs

Intercollegiate Athletics Annual Report

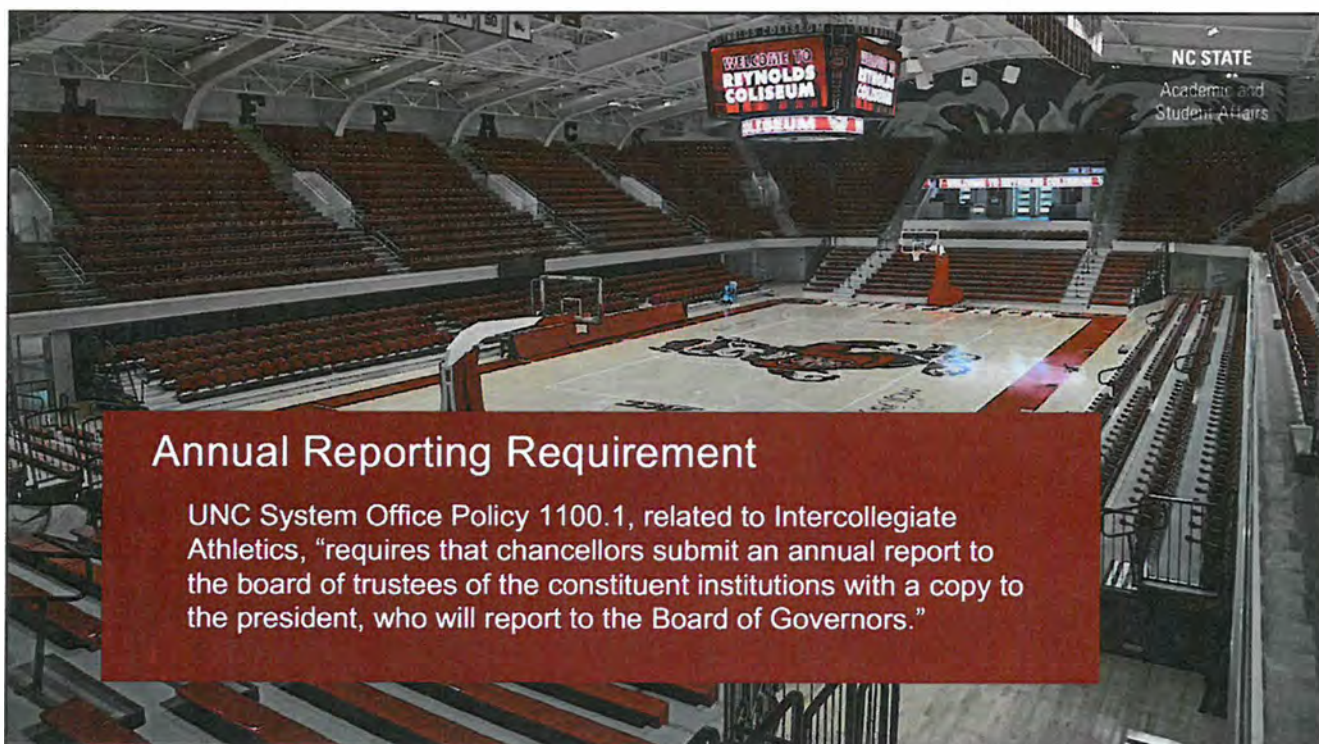
2017 - 2018

Dr. Mike Mullen

Vice Chancellor and Dean
Division of Academic and Student Affairs

Katie Graham

Assistant Dean and Director
Academic Support Program for Student Athletes



NC STATE
Academic and
Student Affairs

Annual Reporting Requirement

UNC System Office Policy 1100.1, related to Intercollegiate Athletics, "requires that chancellors submit an annual report to the board of trustees of the constituent institutions with a copy to the president, who will report to the Board of Governors."

Reporting Requirements

NC STATE
Academic and
Student Affairs

- Undergraduate Student-Athlete Admission Profiles
- Graduate Student-Athlete Enrollment
- Undergraduate Student-Athlete Enrollment
- NCAA Academic Progress Rate
- NCAA Graduation Success Rate

NC STATE
Academic and
Student Affairs

Freshmen Enrollment Profile

Fall 2017 and Spring 2018

Recruited Freshmen Student-Athletes 2017 - 2018

NC STATE
Academic and
Student Affairs

	Total Enrolled	Avg. Core HS GPA	Avg. SAT	Avg. ACT
Student-Athletes	148	3.52	1135	25
Men's Basketball	2	*	*	*
Women's Basketball	2	*	*	*
Football	37	3.58	1103	22

Minimum Course and Admission Requirements

NC STATE
Academic and
Student Affairs

- Minimum Course Requirements (MCR)
 - Completion of specific courses at high school level prior to enrollment
- Minimum Admission Requirements (MAR)
 - Minimum High School GPA and test scores

NC STATE
Academic and
Student Affairs

MCR and MAR Exceptions

2017 - 2018

	Enrolled	MCR Exceptions	MAR Exceptions
First-time Freshmen	4971	45	0
Recruited Freshmen Student-Athletes	148	2	5

NC STATE
Academic and
Student Affairs

Graduate Student-Athlete Enrollment

Graduate Enrollment Totals by Sport

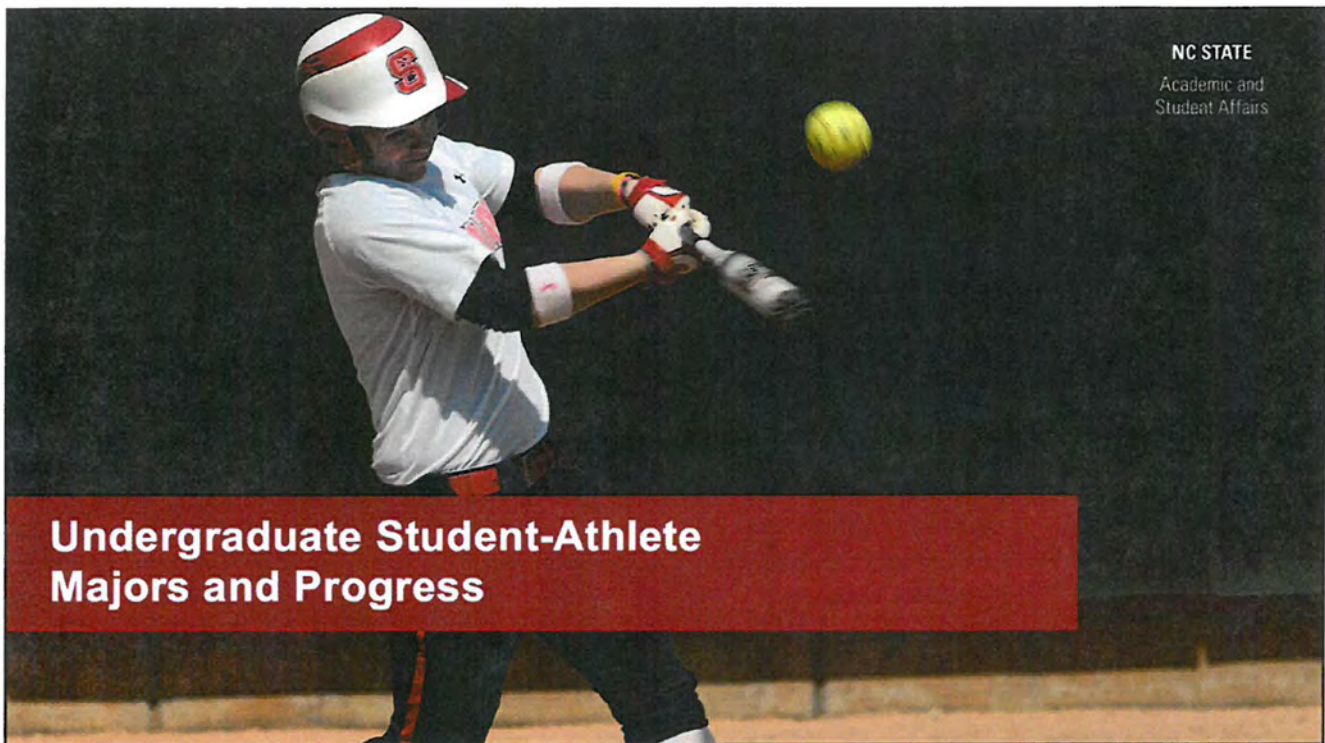
NC STATE
Academic and
Student Affairs

Sport	2014-15	2015-16	2016-17	2017-18
Men's Baseball				1
Men's Basketball	1	1		2
Men's Football	1	2	4	6
Men's Golf				
Men's Soccer		2	1	
Men's Swimming				
Men's Tennis				
Men's Track & CC	2	2	1	4
Men's Wrestling			1	2
Women's Basketball	1			1
Women's Gymnastics				
Women's Softball				
Women's Soccer				
Women's Swimming				
Women's Tennis			1	
Women's Track & CC	1	1	2	2
Women's Volleyball			1	2
Mixed Rifle		1	1	1
Total	6	9	12	21

Graduate Programs

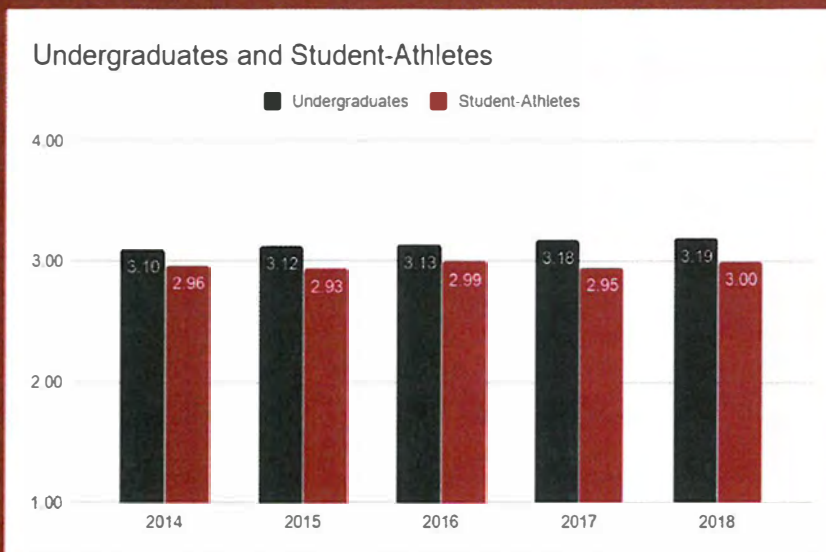
NC STATE
Academic and
Student Affairs

- Applied Statistics and Data Management
- Business Administration
- Leadership and Volunteer Management
- Liberal Studies
- Physiology
- Public Policy
- Sport Management
- Sport and Entertainment Venue Management
- Youth Development and Leadership



<p>Top 10 Undergraduate Majors</p>	<p>NC STATE Academic and Student Affairs</p> <ol style="list-style-type: none">1. Sport Management2. Business Administration3. Communication4. Psychology5. Biological Sciences6. Parks, Recreation, and Tourism Management7. Accounting8. Civil Engineering9. Sociology10. Nutrition Science
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Average Cumulative GPA



Academic Progress Rate

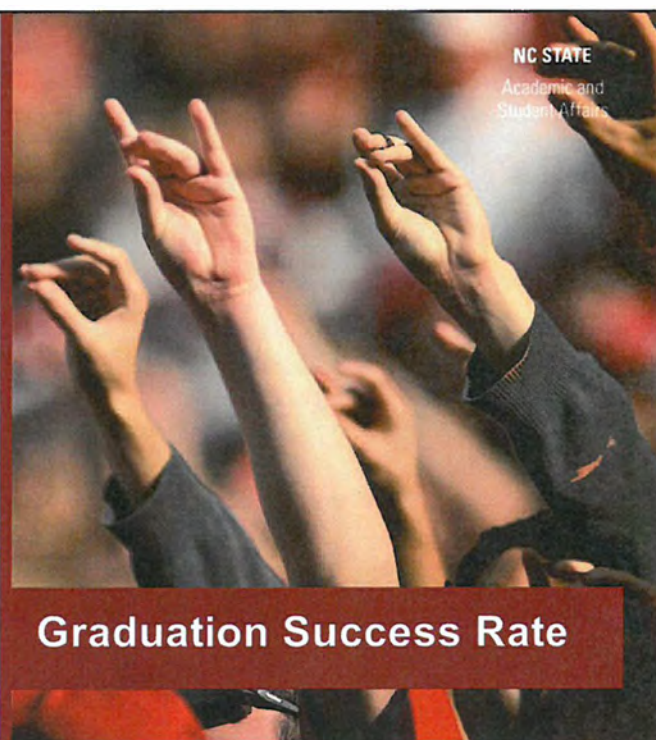
- Team-based metric that tracks the **eligibility** and **retention** of student-athletes each term.
- How APR is calculated:
 - Each student-athlete receiving athletically related financial aid earns one point for being academically eligible and one point for returning the next term or graduating.
 - A team's total points are divided by points possible and then multiplied by 1,000 to equal the team's Academic Progress Rate.
 - The rolling four-year APR is used to determine accountability.

Single-Year Academic Progress Rate (APR) Scores

NC STATE
Academic and
Student Affairs

Academic Year	APR Score
2010-2011	977
2011-2012	979
2012-2013	977
2013-2014	988
2014-2015	977
2015-2016	984
2016-2017	988

- Metric created by the NCAA to measure graduation progress of student athletes
- Includes:
 - First-time, full-time freshmen
 - Students who enter midyear
 - Transfers into institution
- Excludes:
 - Students who leave institution in good standing prior to graduation and had athletics eligibility remaining
- Reported as a 4-class average



Graduation Success Rate

2008 - 2011

NC STATE
Academic and
Student Affairs

Men's Sports			Women's Sports		
	NC State	D1 Avg.		NC State	D1 Avg.
Baseball	91	84	Basketball	80	91
Basketball	56	85	CC/Track	96	91
CC/Track	81	83	Golf	100	95
Football	74	79	Gymnastics	100	96
Golf	89	91	Soccer	100	94
Soccer	92	86	Softball	88	91
Swimming	90	90	Swimming	93	96
Tennis	100	93	Tennis	100	95
Wrestling	59	77	Volleyball	100	94
			Mixed Rifle	100	84

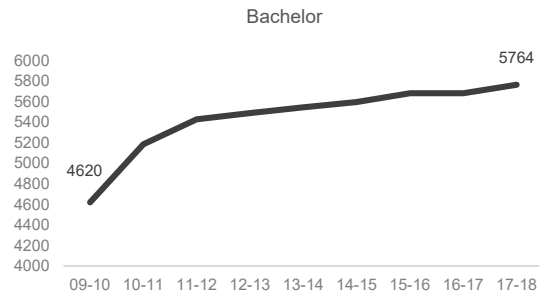
NC State
86%



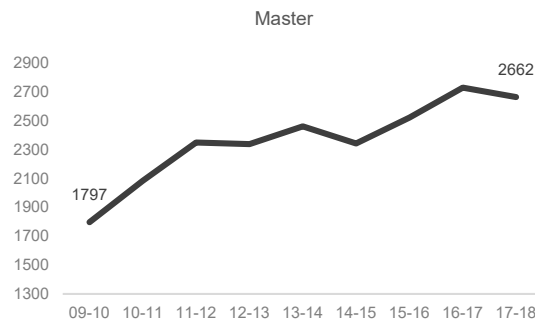
Graduation Update 2019

Louis Hunt
Senior Vice Provost
Enrollment Management and Services

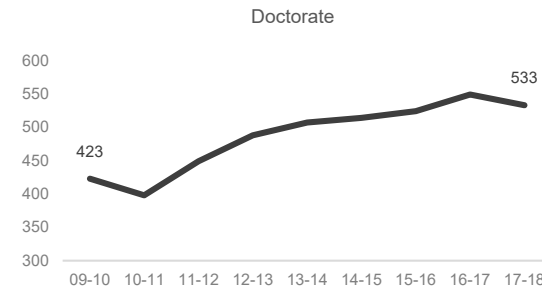
Growth in Degrees Awarded 2009-2018



↑ **25%** in all Bachelor's Degrees

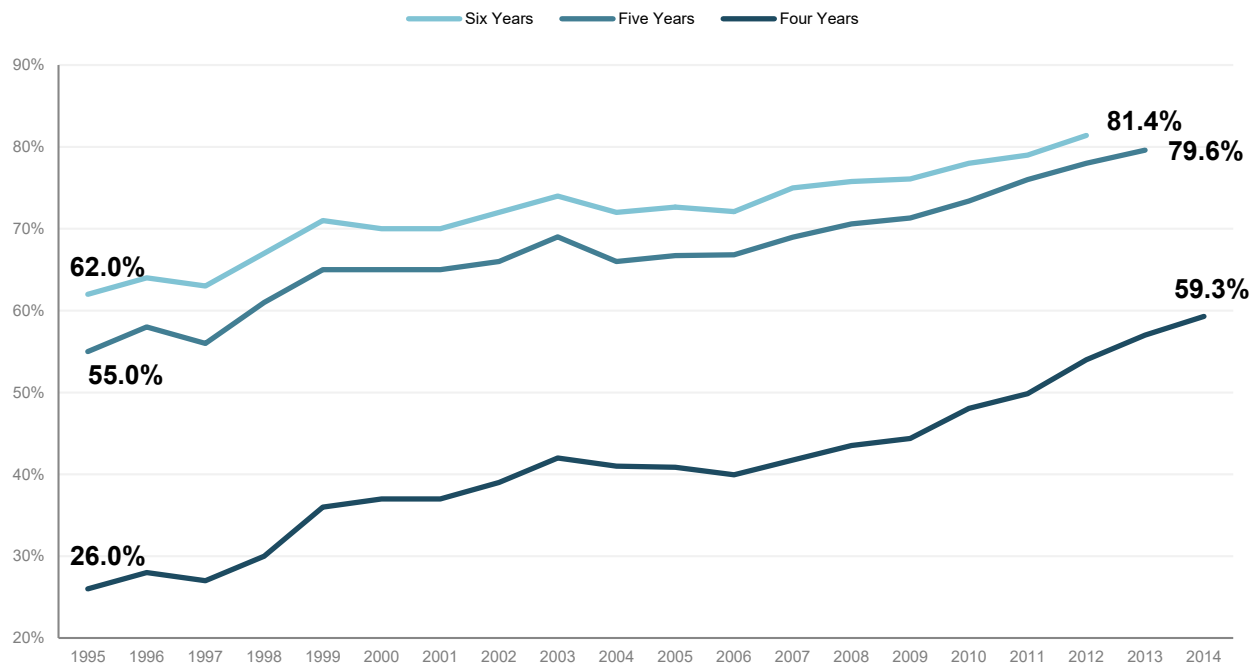


↑ **48%** in all Master's Degrees



↑ **26%** in all Doctoral Degrees

Freshman Graduation Rates 1995-2014

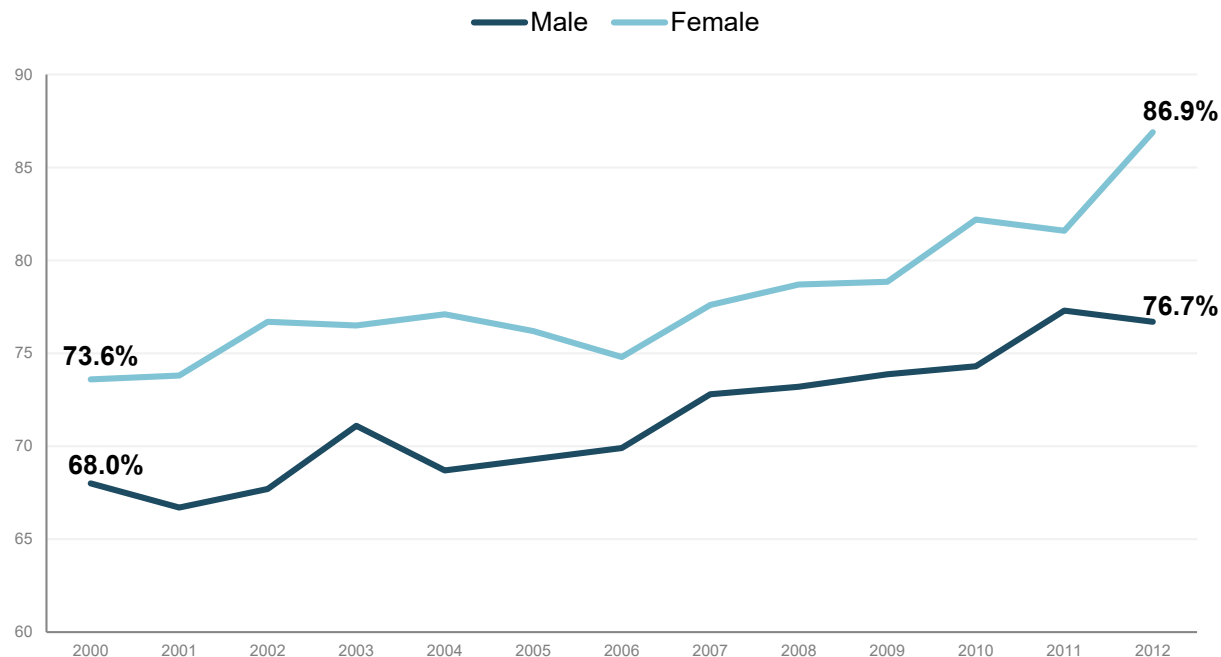




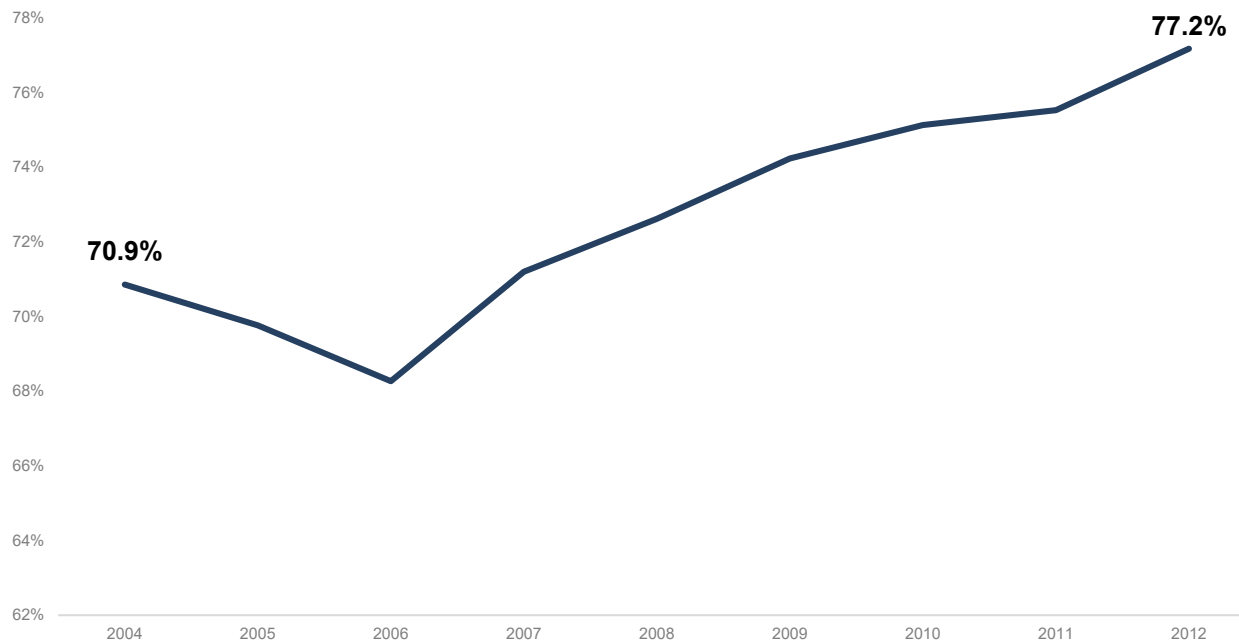
First in the Pack

Supporting first-generation college students throughout their time at NC State.

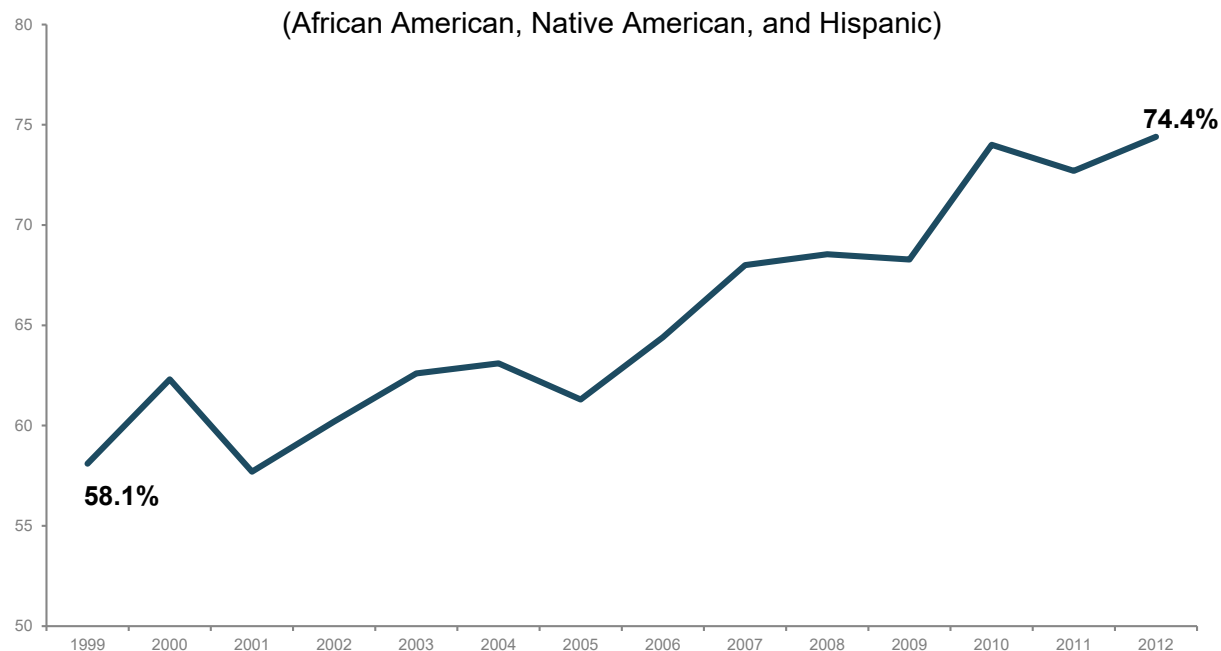
Six-Year Freshman Graduation Rates by Gender



Six-Year Freshman Graduation Rates of Tier 1 and Tier 2

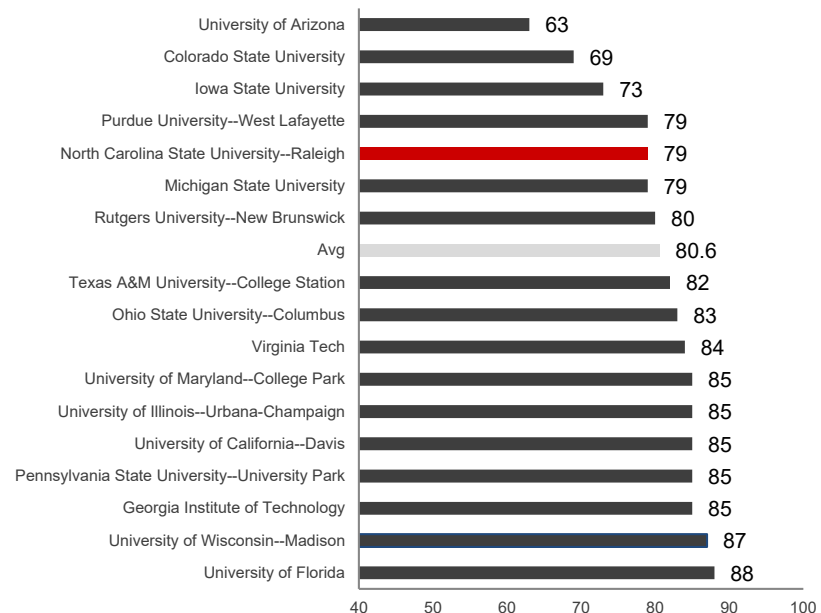
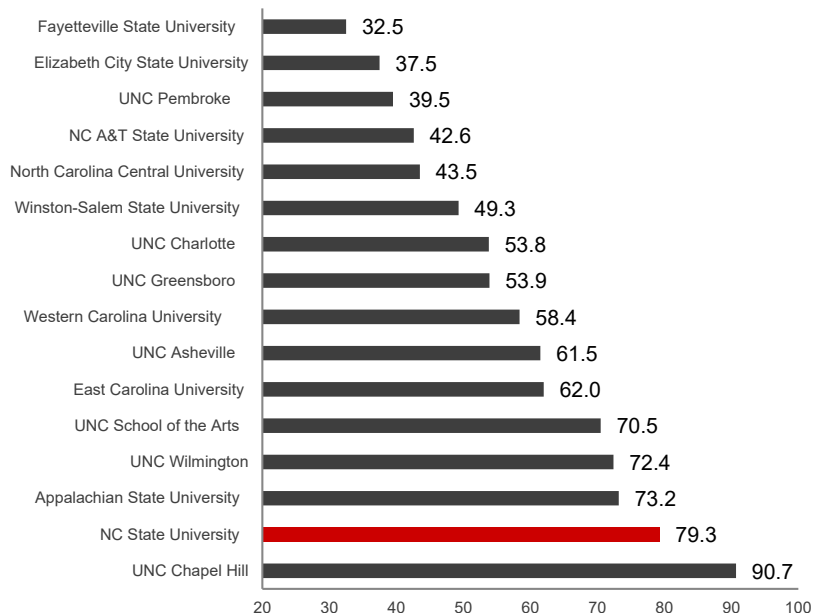


Six-Year Freshman Graduation Rates of Underrepresented Students

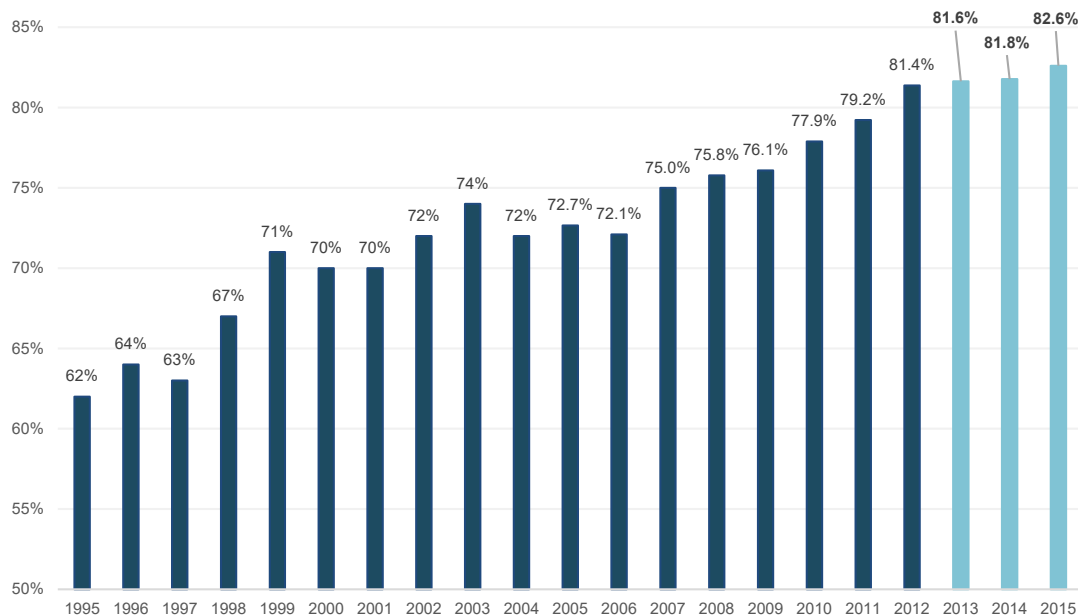


Six-Year Graduation Rates

UNC System and Peer Comparisons

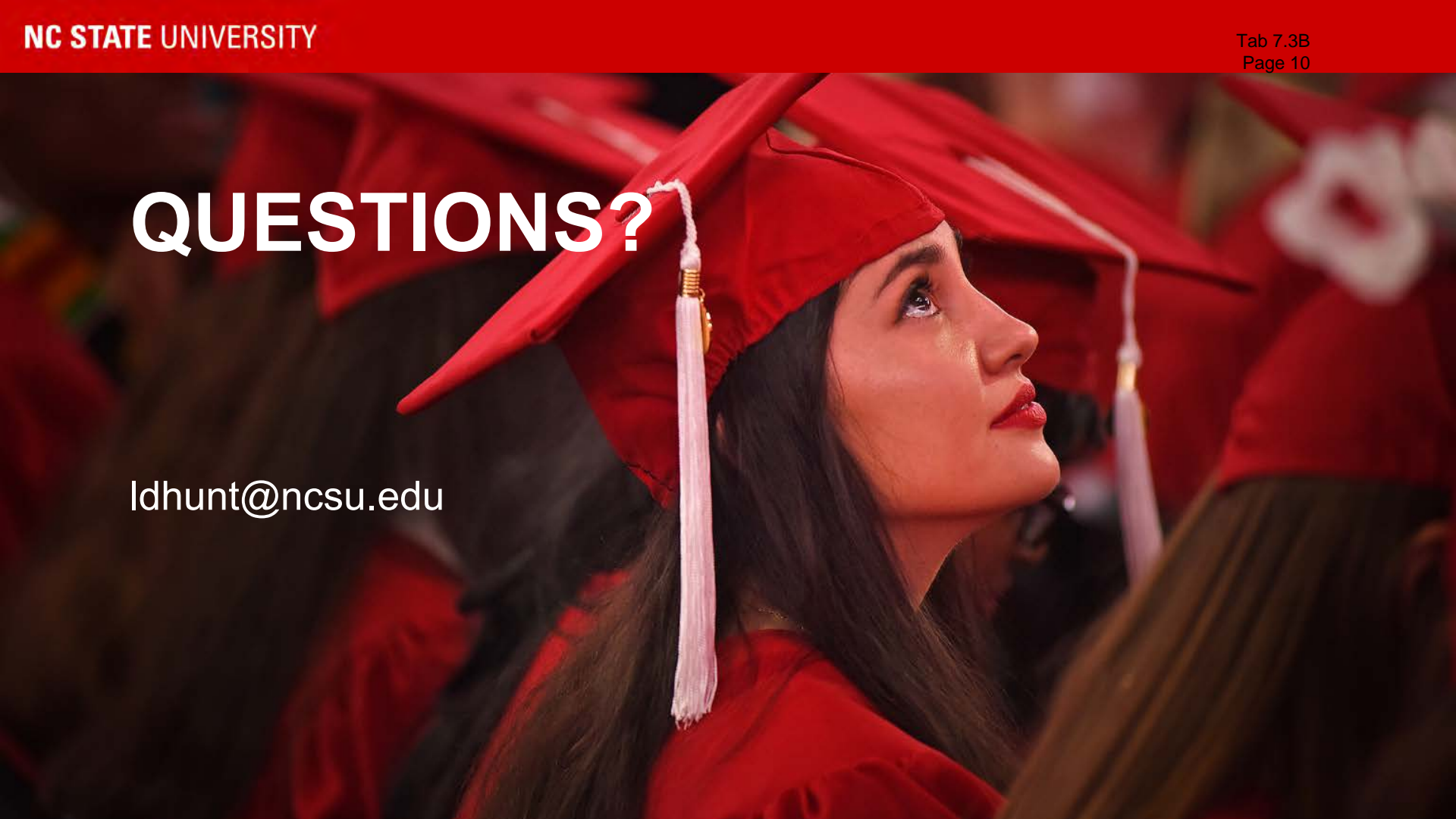


Graduation Rate Projections Based on First-Term GPA Performance



QUESTIONS?

ldhunt@ncsu.edu



AS OF JANUARY 25, 2019

Graduation Robe Closet

With a generous donation of a few size runs of baccalaureate and masters regalia from the Bookstore, SG partnered with the Career Development Center to pilot a graduation robe closet. Starting with the fall 2018 semester, Pack Promise students were able to borrow caps and gowns at no charge to wear to their commencement ceremonies. We are working to secure additional robes in high demand sizes to expand this program beyond Pack Promise students.

Receipt Printing

We worked with NC State Dining to make receipts at feasible on campus dining locations print by request only. Common Grounds, Starbucks, Dining Halls, and the Atrium will now print receipts upon request only. Jason's Deli, Red Sky, and Tuffys which print order numbers on receipts to coordinate pick up will be the only locations printing receipts automatically, helping to reduce waste and improve sustainability.

Campaign Assistance Fund

Student Senate passed the Campaign Spending Reform Act, which reduced SG campaign spending limits for student senate seats by 75% and for all other elected positions by 50%. This legislation also allowed the establishment of a formal campaign assistance fund, whereby students running for student body officer positions can receive money allocated from the SG budget, reducing out of pocket expenses required for campaigning. Both of these changes were enacted to reduce the financial burden of running for office in an SG election, lowering the financial barrier of entry into Student Government and ideally leading to increased participation.

Painted Pack Fans

Athletics and SG have partnered for the 2018-2019 basketball season to launch the Painted Pack Fans program. SG paints 10-15 student fans during select home games to build spirit and instill NC State pride. Students can request to be painted using a form included in the ticket request email.



*NC STATE UNIVERSITY
STUDENT GOVERNMENT
98TH SESSION*

Student Fees Town Hall

In preparation for future fee increase requests and in response to student requests for earlier involvement in the fee process, SG partnered with the Division of Academic and Student Affairs to host a Student Fee Town Hall. Representatives for the five largest fees (University Transportation, Student Health, Student Center Operations, WellRec, and Education & Technology) were all present to describe how the fee money is used and to discuss future fee needs. We are working to establish this town hall as an annual event.

Examination Policy Revision Act

Student Senate passed the Examination Policy Revision Act, which supported an exam relief policy for the entire academic year. Policies are currently in place stating that students will not be made to take three consecutively scheduled final exams within a 24 hour period. This resolution encouraged a change of the existing policy to encompass the entire academic year, or creation of a new policy specifically for exams during the semester that would allow students to seek relief from three regular exams within a 24 hour period. Copies of this resolution were sent to the Vice Chancellor for Academic and Student Affairs, the Chair of the Faculty Senate, all Associate Deans for Academic Affairs, and the Senior Associate Dean of the University College.

Pack Your Portfolio

In partnership with the Career Development Center, the SG Communications Department hosted Pack Your Portfolio, a professional development event. Career Development Center Ambassadors helped with resume review, mock interviews, internship navigation, and LinkedIn, while Student Government provided free professional headshots. The Wolfpack Styled Professional Clothing Closet, a free student resource for professional clothing, was also highlighted. Attendees were able to learn about and get practice with many vital career skills by interacting directly with professionals at this highly engaging event. This event achieved the Champion level of Sustainable Event Certification.

Student Body President Jess Errico
98th Session



MEMORANDUM OF AGREEMENT FOR “3+2” PROGRAM

BETWEEN

**NORTH CAROLINA STATE UNIVERSITY
RALEIGH, NC, U. S. A.**

AND

**CHONGQING UNIVERSITY OF POST AND TELECOMMUNICATIONS
CHONGQING, CHINA**

This Agreement is to formalize the academic exchange between North Carolina State University (hereafter referred to as NC State) and Chongqing University of Posts and Telecommunications (namely, the School of Foreign Languages, hereafter referred to as CQUPT) for a 3+2 Master's program. The two institutions subscribe to the statement of principles and procedures given below and to the terms of agreement regarding the responsibilities that each institution undertakes as its part of the reciprocal exchange. This agreement is based on a spirit of cooperation, reciprocity, and of mutual benefit to both parties.

Both Universities wish to enter into an arrangement as set forth below:

1. Undergraduate students who successfully complete three (3) years' course studies at CQUPT and one semester of studies at NC State that results in a BA degree from CQUPT may enroll in the NC State Master of Science in Technical Communication (MSTC) degree program (non-thesis) (hereafter referred to as the Program).
2. The Program includes a total of two years of study at NC State.
3. Admission to the Master degree program is contingent upon the student meeting the relevant entry requirements as established by NC State and the degree program to which they are applying. Students enrolled in the program are governed by all the Graduate School policies of NC State.

Both Universities have agreed to the terms and conditions stated below.

ENTRY AGREEMENT FOR 3+2 PROGRAM

- 1) CQUPT will select qualified rising senior students (top 15%) during their third year of education to attend NC State for their fourth and fifth years of study. To be eligible to apply for admission to NC State, CQUPT students must have:
 - a) completed at least 75% of the CQUPT BA program;
 - b) obtained the minimum required TOEFL scores needed for admission into the graduate program of NC State;

- c) obtained an official written recommendation from CQUPT confirming the student has successfully passed the CQUPT evaluation.
 - d) Students recruited into this 3+2 Program will initially come from the School of Foreign Languages at CQUPT. In the future as the 3+2 Program grows, students with other disciplinary backgrounds such as in the sciences or engineering fields who also have strong English language proficiency may be considered as candidates for MSTC.
- 2) This 3+2 Program will focus on the existing Master of Science at Technical Communication (MSTC) at NC State.
 - 3) The number of admitted students will be negotiated annually. The MSTC program plans to admit up to five CQUPT students per year in the first phase (1-2 years) of this program, with CQUPT students coming to NC State in Fall 2019. Depending on the total number of applicants from CQUPT, this number may increase.
 - 4) NC State will evaluate those selected CQUPT students using the admission standards of the NC State graduate program to which they are applying to assess their qualifications. Online interviews or on-site interviews at CQUPT may be conducted by NC State faculty as part of the admissions process.
 - 5) As NC State's policy will not allow admitting students into graduate programs prior to completion of their BA degrees, students will first apply to and matriculate via the GTI Certificate Program for one semester. As GTI Certificate students they will be expected to register full-time (minimum 12 credit hours) and to take the required courses that are designed for MSTC as well as the required GTI 401 Colloquium.
 - a) The GTI has a separate on-line application process, which must be completed before a student visa certificate can be issued. See <https://projects.ncsu.edu/gti/> for more information. The deadline for the GTI application is February 28 before the first fall semester.
 - b) For admission into the 3+2 program, students who are accepted by GTI will submit the following materials to the MSTC committee by May 1: Undergraduate transcript, personal statement (2 pages long), and TOEFL score.
 - 6) After they have successfully completed the course work needed to complete their BA degree (minimum 12 credit hours) as special students at NC State in the first fall semester, CQUPT will grant each of these students a statement that the student has completed the CQUPT BA degree requirements in their respective disciplines. Students will be required to provide an official letter from CQUPT indicating the BA degree requirements were satisfied prior to being admitted to the MSTC Program.

- 7) NC State will officially review CQUPT students for admission to the MSTC graduate program upon completion of the GTI semester and certification of the BA degree.
 - (a) At the end of the GTI semester, the MSTC committee reviews students' GPA and writing samples (5-10 pages). Students are encouraged to submit a writing sample produced in one of their technical communication courses taken during the first fall semester at NC State as a BA-seeking student. Students in the 3+2 program will not need to submit resume, GRE scores, or recommendation letters to complete their application. CQUPT's official recommendation and students' first-semester academic records will substitute for these materials.
 - (b) Students who earn a 3.0 GPA or above in their GTI semester at NC State will be eligible for full admission to MSTC pending review of the above materials.
 - (c) Students earning a GPA lower than 3.0 may be eligible for provisional admission pending approval of the MSTC committee and the NCSU Graduate School.
 - (d) Students must meet academic performance standards set by the NC State Graduate School in order to continue their degree after being fully admitted into the MSTC program.
- 8) The MSTC program requires 33 credit hours of coursework, as outlined in the Appendix. It is required that at least 18 credit hours be taken after the student is admitted into the Program at NC State. The standard full-time course load for all students in the MSTC program is 9 hours per semester. We do not advise students in the 3+2 program to enroll in more than 9 hours because all graduate students at NC State are required to maintain a graduate GPA of 3.0 or better.
- 9) The MSTC program requires students to complete a semester-long professional experience internship as part of their degree work. Students can meet this requirement with summer internships in the U.S. or in China working on projects related to technical communication. To complete the Program in the fifth (3+2) year, it is anticipated that students will need to complete their internships during the summer or to register for courses during the Summer Session(s).
- 10) CQUPT students will pay out-of-state tuition, fees and living expenses during their studies at NC State. The NC State Cashiers Office provide current rates online (<https://studentservices.ncsu.edu/your-money/tuition-and-fees/>). NC State may provide guidance and logistical help with student housing and other relevant arrangements. The amount of living expenses may vary depending on the type of housing and living preferences.
- 11) Upon successful completion of all program requirements, CQUPT students will be

granted the MSTC degree by NC State.

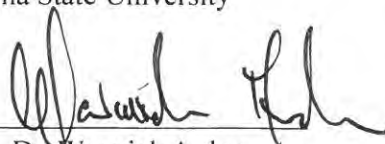
- 12) Graduates who want to enter a Ph.D. program at NC State will be required to apply following the normal application procedures and admission requirements set by NC State.

GENERAL AGREEMENT

- 1) This Agreement represents the entire understanding between the parties and supersedes all other arrangements concerning this program. This Agreement may only be changed with the written consent of both parties.
- 2) If either party shall temporarily fail to enforce any provision of this Agreement such temporary forbearance shall not constitute a waiver.
- 3) The two parties shall be in regular communication to resolve any problems or issues relating to this agreement.
- 4) Neither party may assign, transfer or sub-contract its commitments under this Agreement.
- 5) Either party may terminate this Agreement if the other shall be in material breach and following written notice of such breach shall not have remedied the breach within a period of 30 days.
- 6) Either party may terminate this Agreement for any reason upon nine (9) months' prior written notice to the other.
- 7) This Agreement shall remain subject to laws and regulations of both countries.
- 8) This agreement is for a period of five years, unless otherwise specified. Prior to the end of the fifth year the agreement must be reviewed and re-approved if requesting an extension. Upon the scheduled review date, responses to review criteria will be required to be completed and provided to the university review committee. If the agreement will be discontinued, a teach-out plan will be required for those students remaining in the program.

SIGNATURES

Executive Vice Chancellor and Provost
North Carolina State University

Signature: 
Dr. Warwick Arden


Date: 11/29/16

President
Chongqing University of Post and
Telecommunications

Signature: _____
Dr. Li Lin

Date: _____

Dean
The Graduate School
North Carolina State University

Signature: 
Dr. Peter Harries

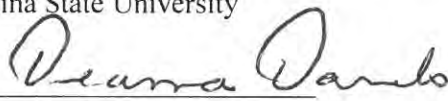
Date: 8/30/18

Associate Dean
School of Foreign Languages
Chongqing University of Post and
Telecommunications

Signature: _____
Dr. Shunyu Wang

Date: _____

College of Humanities and Social Sciences
North Carolina State University

Signature: 
Dr. Deanna Dannels

Date: 4/24/18

APPENDIX: Suggested Curriculum and Timeline

The MS curriculum requires 33 credit hours of 500-level courses, distributed as follows:

- 5 Core courses (15 hours): ENG 512, 515, 517, 518, 675
- 3-4 Applications courses (9-12 hours) chosen from a list of options
- 2-3 Theory/Methods courses (6-9 hours) chosen from a list of options

All graduate courses in this program are 3 credit hours. Students may include one or two 400-level courses from disciplines other than English as part of their degree program. Most of the MSTC courses are reading and writing intensive, with some requiring students to read and understand over 100 pages of theoretical materials per week. In addition, students are required to have an extended internship (one semester or 120-hour equivalent) to meet the mandatory professional experience requirement and to complete a semester-long capstone project before defending it at the end of their study. Meeting these requirements helps to prepare students as future technical communicators and to meet the expectations of potential employers. It takes at least two years for full-time students who are native speakers to finish the degree. Therefore, two years is an aggressive timeline for CQUPT students to finish the degree. Students can take courses in the second summer to catch up if they cannot meet graduation requirements.

In this sample curriculum, courses in the Applications and Theory/Methods categories are representative examples. Working with their advisor, students choose from a list of courses in each category; offerings vary by semester.

First Fall Semester (6 graduate credit hours+3 undergraduate credit hours +3 GTI credit hours as non-degree seeking students; only 6 credit hours applied toward the MSTC degree and another 6 credit hours applied toward the CQUPT BA degree)

1. ENG 512 Theory and Research in Professional Writing (Core requirement)
2. GC 420 Visual Thinking (Applications course) or EAC 530 Adult Learning
3. FLE 401 Advanced Oral Communication in English for International Students or
FLE 402 Research and Technical Writing for International Graduate Students
4. GTI 401 U.S. Culture and Education Colloquium

First Spring Semester (9 graduate credit hours)

1. ENG 518 Publication Management for Technical Communicators (Core requirement)
2. ENG 519 Online Information Design and Evaluation (Applications course)
3. CSC 554 Human-Computer Interaction (Theory/Methods course)

Summer 1: Internship or coursework

Second Fall Semester (9 graduate credit hours)

1. ENG 515 Rhetoric of Science and Technology (Core requirement)
2. ENG 508 Usability Studies for Technical Communication (Theory/Methods course)
3. ENG 517 Advanced Technical Writing and Editing (Core requirement)

Second Spring Semester (9 graduate credit hours, including capstone project)

1. ENG 520 Science Writing for the Media (Applications course)
2. ENG 675 Projects in Technical Communication (Core requirement; capstone project)
3. ENG 583 International Technical Communication (Theory/Methods course)

North Carolina State University
3+2 BA-to-MS in Technical Communication
Chongqing University Post and Telecommunications

This request has been reviewed and approved by the appropriate campus committees and authorities.

Endorsed By:

See internal routing form

Head, Department/Program

Date

Recommended By:

See internal routing form

Chair, College Curriculum Committee

Date

Endorsed By:

See signature on agreement

College Dean

Date

Recommended By:

N/A

Vice Provost, DELTA (if DE degree/certificate)

Date

Recommended By:

N/A

Chair, University Courses & Curricula Committee

Date

Approved By:

See signature on agreement

Dean, (DASA or the Graduate School)

Date

Recommended By:

Dean's Council

11/29/18
Date

Approved By:

Executive Vice Chancellor and Provost

11/29/18
Date

Approved By:

Chancellor

12/19/18
Date

**NC State University
Certificate Proposal Form**

Certificate Title: Policy Analysis

New: ☐

Revision: ☒

Classification of Instructional Programs (CIP) Discipline # (6 digits): 44.0501

*Please ensure that you select the appropriate CIP code for your certificate program. Please consult this website for more information about CIP codes:

<https://nces.ed.gov/ipeds/cipcode/default.aspx?y=55>

Certificate Type:

On-Campus: ☒

Distance: ☐

On-Campus & Distance: ☐

Proposed Effective Date: August 1, 2018

Director of the Certificate Program: Bruce McDonald

Program Coordinator (if different from Director): _____

Graduate Services Coordinator: Meggie Romick

College: Humanities and Social Sciences

Department/Program: Public Administration

Catalog Description:

Policy analysis – the analysis of the actions of government and its partners in the non-profit and private sectors – is the keystone of public administration. The creation, adoption, implementation and evaluation of public policy is a complex process. It requires skills in quantitative methodologies, reasoning and argumentation. The Graduate Certificate in Policy Analysis helps you make the most of your skills by providing you with the tools you need to be an effective policy analyst and policy advocate.

Projected Enrollment:

On-Campus

Yr. 1-__

Yr. 2-__

Yr. 3-__

Yr. 4-__

Distance

Yr. 1-__

Yr. 2-__

Yr. 3-__

Yr. 4-__

Attachments:

- ☒ Proposal Document
- ☐ Statement of other departments likely to be affected and summary of consultation with those departments
- ☐ Program-level assessment
- ☒ Campus Routing Form
- ☒ Signature Page

To: The Graduate School

From: Bruce McDonald, Director of Master of Public Administration
Jerrell Cogburn, DGP and Chair, Department of Public Administration

Re: Program Name Change for the Graduate Certificate in Public Policy

Date: April 10, 2018

Action requested for Graduate Certificate of Public Policy

The faculty of the Department of Public Administration have met and propose to change the name of the Graduate Certificate of Public Policy to the Graduate Certificate of Policy Analysis.

Background

During the fall 2017 semester, the Department of Public Administration formed a committee to look at the Graduate Certificate in Public Policy. This committee was tasked with looking at the courses offered as part of the program, the ability to recruit for the program, the utility of the certificate to alumni upon graduation and faculty strengths within the department. As part of this evaluation, the committee solicited constituent feedback and employer feedback. Based on this review, it became evident that the title of the certificate does not accurately reflect the program. This reflection is in terms of student interest, courses offered as part of the certificate, employer needs, and faculty expertise. It was concluded that changing the name to better reflect the program will improve the utility of the certificate but also improve the ability of the department to recruit for the program. At its faculty meeting on March 21st, the faculty voted unanimously to change the name of certificate to a Graduate Certificate in Policy Analysis.

Program Curriculum:

The curriculum of the certificate is, and will continued to be as follows. Successful completion of the certificate requires a minimum of 15 credit hours. This includes 9 hours of core course work:

- PA 507: The Public Policy Process
- PA 509: Applied Political Economy
- PA 511: Public Policy Analysis

Students are then required to take 6 credit hours of electives to reach the minimum credit hour requirement.

Logistics:

Students currently enrolled in the certificate or those who complete the certificate prior to the formal approval of the name change will be awarded the certificate under its old title. Students who enrolled prior to the formal approval but have not graduated by the date of that approval will have the option to graduate under the new or old certificate name. All students accepted into the program after formal approval has been made will receive the certificate under the programs new name.

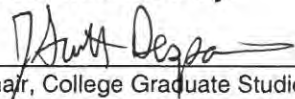
Graduate Certificate in Public Policy Name Change North Carolina State University

This request has been reviewed and approved by the appropriate campus committees and authorities.

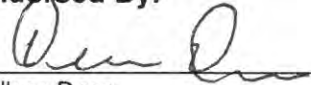
Endorsed By:

 TERRELL D. COGGBURN 4/12/18
Head, Department/Director of Graduate Program (Printed Name and Signature) Date

Recommended By:

 J Scott Despain 4/18/18
Chair, College Graduate Studies Committee (Printed Name and Signature) Date

Endorsed By:

 Deanna Dannels 4/24/18
College Dean (Printed Name and Signature) Date

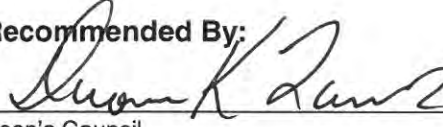
Recommended By:

Peter J. Harris  8/30/15
Vice Provost, DELTA (if DE degree) (Printed Name and Signature) Date

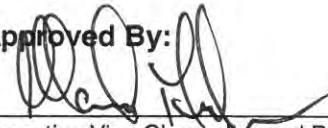
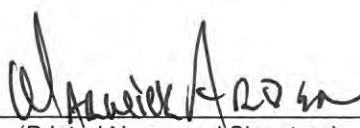
Approved By:

Dean of the Graduate School (Printed Name and Signature) Date

Recommended By:

 Duane K. Larick 11/29/18
Dean's Council (Printed Name and Signature) Date

Approved By:

  11/29/18
Executive Vice Chancellor and Provost (Printed Name and Signature) Date

Approved By:

 Randy Woodson 12/19/18
Chancellor (Printed Name and Signature) Date



Office of the Chancellor

ncsu.edu/chancellor

Campus Box 7001
Holladay Hall, Suite A
Raleigh, NC 27695-7001
P: 919.515.2191

December 21, 2018

Dr. Belle S. Wheelan, President
Southern Association of Colleges and Schools
Commission on Colleges
1866 Southern Lane
Decatur, Georgia 30033

Dear Dr. Wheelan:

In April 2018, NC State University received a letter stating the Commission accepted our notification that the joint Bachelor of Science (B.S.) degree program in Biomedical and Health Sciences Engineering with the University of North Carolina Chapel Hill received accreditation from the Accreditation Board for Engineering and Technology (ABET).

Since the joint B.S. degree program is operational and now ABET accredited, this letter seeks approval from the Commission to close NC State's Biomedical Engineering B.S. degree program, effective January 1, 2019. Presently, there are three students enrolled in the BME program that aim to graduate in May 2020. The courses they need to graduate will be available until the students complete the program at NC State. If any further information is needed, please contact me. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "W. Randolph Woodson".

W. Randolph Woodson
Chancellor

WRW/flc

Enclosure (2)

cc: Dr. Warwick Arden, Executive Vice Chancellor and Provost
Dr. Duane Larick, Senior Vice Provost and Accreditation Liaison
Dr. Louis Martin-Vega, Dean, College of Engineering
Dr. Peter Harries, Interim Dean, Graduate School
Dr. Nancy Allbritton, Professor and Chair, UNC/NC State Department of Biomedical Engineering

UNIVERSITY OF NORTH CAROLINA
REQUEST TO DISCONTINUE
A DEGREE PROGRAM, SITE OR DELIVERY MODE

Date: December 29, 2018

Constituent Institution: North Carolina State University

Is the program a joint degree program? Yes ☐ No ☒

Joint Partner campus

Title of Authorized Program: Biomedical Engineering Degree Abbreviation: BS

CIP Code (6-digit): 14.0501 Level: B ☒ X ☐ M ☐ I ☐ D ☐

CIP Code Title: Bioengineering and Biomedical Engineering

If the degree program has associated UNC Teacher Licensure Specialty Area Codes that, upon this discontinuation, should be attributed to a different degree program, then complete the following:

UNC Teacher Licensure Specialty Area Code (one per line; add as needed)	Degree Program to Receive Specialty Area Code		
	Title	Degree awarded	6-Digit CIP

Term of Proposed Discontinuation (when new students will no longer be admitted):

term Spring year 2019

1. What type of program discontinuation is being requested? (if b/c/d, one or more can be selected)

- a) ☐ **Discontinue - Permanent.** (While course offerings already shared across degree programs may continue, the program components will not become a significant or distinct component of another program. Degree program is discontinued in full in Academic Program Inventory (API), including any approved off-campus sites and alternate means of delivery; requires action of Board of Governors)
- b) ☐ **Discontinue - Delivery.** Eliminate one or more delivery types and keep the program active.
- ☐ On-campus delivery of program

- _____ Online delivery of program
 - _____ Site-based delivery of program
 - _____ Instructor present (off-campus delivery)
 - _____ Instructor not present (site-based distance education)
- c) ☒ **Discontinue - Consolidate.** Program components will become a significant or distinct component in another degree program (e.g. concentration/track).
- ☒ Existing degree program (BOG approved)
 - Program title, degree, CIP: Biomedical and Health Sciences Engineering (Joint with UNC-CH), 14.0501 _____
 - _____ New degree program (Request to Establish and BOG approval generally required)
 - Proposed program title, degree, CIP _____

If (b) is selected and sites are to be discontinued, please list them (add lines as needed).

Site #1

(address, city, county, state)

(date of site authorization by GA)

Site #2

(address, city, county, state)

(date of site authorization by GA)

Site #3

(address, city, county, state)

(date of site authorization by GA)

2. Explain why the program, site, or delivery mode is being discontinued.

- a. If the program, site or delivery mode addresses high priority needs, how will those needs be addressed by other programs?

With the exception of three students, all students in the program have elected to transition to the new joint degree program in Biomedical and Health Sciences Engineering.

- b. Describe how affected parties (faculty, staff, students) will be informed of the impending closure and, where applicable, of any additional charges/expenses to students.

The three students who remain in the program were notified of the program closure by e-mail and confirmed their desire to remain in the program. BME faculty and staff were all involved in creation of the new degree program, so received notification of the change through many communication channels. Other affected departments whose courses were required in the former curriculum were notified of the changes through the University Course and Curriculum Committee. Departments that offer courses that were added to the

Request to Discontinue

Last Update 1/25/16

curriculum or could experience significant enrollment changes were notified and confirmed their approval of the changes by e-mail.

- c. Describe steps to be taken to allow students enrolled in the program, site or delivery mode to complete their courses of study.

Three students remain in the program. We anticipate that two of the students will graduate in May. One of the students, for reasons unrelated to this degree change, plans to change her major. If, for some reason, any of the three students' plans change. The courses they need to graduate continue to be offered.

3. Discuss the reassignment of any faculty, staff and EHRA non-faculty, including number of each type of personnel to be reassigned.

All BME faculty, staff and EHRA non-faculty have transitioned to the new joint Biomedical and Health Sciences Program.

4. Discuss the discontinuation of the employment of any faculty, staff and EHRA non-faculty, including number of each type of personnel to be discontinued.

N/A

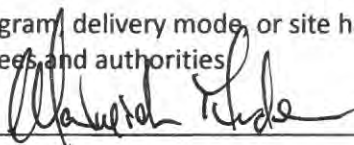
5. Discuss reallocation or reduction of costs resulting from each discontinuation(s), including specific amounts related to each discontinuation.

N/A

6. Name, title, telephone, and e-mail of contact person for this notification of discontinuation:

This request to discontinue a degree program, delivery mode, or site has been reviewed and approved by the appropriate institutional committees and authorities

Signature of Chief Academic Officer: _____



12/6/12

Signature of Chief Academic Officer (Joint Campus partner) _____



April 19, 2018

Dr. W. Randolph Woodson
Chancellor
North Carolina State University
A Holladay Hall; Campus Box 7001
Raleigh, NC 27695-7001

Dear Dr. Woodson:

Thank you for your letter of December 15, 2017, notifying the Commission of the recent discipline-specific accreditation awarded to a joint degree program with the University of North Carolina – Chapel Hill, effective fall 2017.

North Carolina State University notified the Commission on March 23, 2015, of its plan to establish a joint Bachelor of Science (B.S.) degree program in Biomedical and Health Sciences Engineering with the University of North Carolina – Chapel Hill. The Commission accepted the notification on July 27, 2015. The joint program was established and has received accreditation from the Accreditation Board for Engineering and Technology (ABET) in fall 2017.

We acknowledge the information and will add it to our files.

Best regards,

Kevin W. Sightler, PhD.
Director of Substantive Change

KWS/SKO:iy

cc: Dr. Duane Larick, Sr. Vice Provost for Academic Strategy & Resource Management
Dr. Nuria M. Cuevas

UNIVERSITY OF NORTH CAROLINA
REQUEST TO DELIVER
EXISTING DEGREE PROGRAM – NEW DELIVERY MODE OR SITE

Date: August 15, 2018

Constituent Institution: North Carolina State University

Is the program a joint degree program? Yes _____ No X _____

Joint Partner campus N/A

Title of Authorized Program: Master of Accounting Degree Abbreviation: MAC

CIP Code (6-digit): 520301 Level: B _____ M X _____ I _____ D _____

CIP Code Title: Accounting

Proposed term to enroll students in alternate delivery method: term Fall year 2019

Provide a brief statement from the university SACSCOC liaison regarding whether the new delivery mode does or does not constitute a substantive change.

Identify the objective of this request (select one or more of the following)

- ☐ Add on campus delivery
- ☒ Add online delivery; Maximum percent offered online 100%
- ☒ Program will be listed in UNC Online
- ☐ One or more online courses in the program will be listed in UNC Online
 - ☐ Add site-based delivery (list new sites below; add lines as needed)
 - ☐ Instructor present (off-campus delivery)
 - ☐ Instructor remote (site-based distance education)

Site #1

(address, city, county, state)

Site #2

(address, city, county, state)

Site #3

(address, city, county, state)

Supply basic program information needed for UNC Academic Program Inventory (API), UNC Online

Minimum credit hours required 31

Expected number of full-time terms to completion 2

I. Justification for New Delivery Mode

1. Description and Purpose.

- a. Provide a 250-word or less description of the proposed program, including target audience, delivery method, hours required, program core and concentrations (if applicable), opportunities for which graduates will be prepared, and other special features. For online programs, describe whether the delivery is synchronous with an on-campus course, partially synchronous, asynchronous, other, and using what platform(s).

The MAC online program will target working professionals currently not served by the full-time resident MAC Program. These individuals are in the local, national and global community and are looking to advance their education but, due to family or employment commitments, are unable to participate in a full-time resident program. The online program will provide schedule flexibility and remote access so students can earn a master of accounting degree from a nationally recognized program in 2 to 3 years. The majority of the courses in the online program will be delivered by capturing live campus courses and delivering them in an asynchronous online format. Further, each class will include a synchronous capability where student can interface directly with the faculty member and graders. This hybrid format allows instructors to more naturally interact with students, creating a more engaging experience for the online students. The college and department are upgrading an existing classroom capture room with state of the art technology to use with this new online program. Similar to the full-time resident program, the online program will require 31 credit hours to complete.

The online program will provide students with a broad understanding of accounting and business practices, as well as a rigorous technical accounting education. The core curriculum will include:

- **3 hour-credit courses:**
 - **ACC 508 - ADVANCED COMMERCIAL LAW**
 - **ACC 510 - ADVANCED FINANCIAL ACCOUNTING**
 - **ACC 519 - APPLIED FINANCIAL MANAGEMENT**
 - **ACC 530 - ADVANCED INCOME TAX**
 - **ACC 533 - ACCOUNTING & TAX RESEARCH**
 - **ACC 540 – IT RISK AND CONTROLS**
 - **ACC 550 - ADVANCED AUDITING**
- **1 hour-credit course:**
 - **ACC 600 - MANAGERIAL & CAREER EFFECTIVENESS**

Additionally, students will be required to take nine hours of graduate-level electives, from courses currently being provided by the Jenkins MBA and MAC Programs.

Students can elect to choose a concentration focus area such as audit analytics, tax analytics¹, information technology, or enterprise risk management.

- b. How does the proposed delivery mode align with system, institutional and unit missions and strategic plans?

The program supports the goals of NC State's strategic plan:

1. **Enhance student success:** The online format will provide access and flexibility to earn a degree from a nationally recognized program that will enable graduates to meet the 150 hour requirement to be licensed as a CPA and advance other professional opportunities.
 2. **Invest in faculty:** Expanded opportunities to engage with graduate students will allow us to attract and retain research-oriented faculty and expand existing skills.
 3. **Support interdisciplinary scholarship:** N/A
 4. **Pursue organizational excellence:** The online courses will provide students flexibility to complete either online and/or campus course format. With the use of the campus courses to create the online content the department will create efficiencies in the delivery of graduate courses. It is expected that the online format will complement the campus format program.
 5. **Engage locally and globally:** An online program will allow access to working professionals in the Research Triangle, national and global community who are looking to advance their education while continuing employment, which should be valuable to many regional, national and global companies.
2. Student demand. Provide documentation of student demand for the new delivery mode. Directly address the extent to which students will be drawn from a pool of students not previously served by the existing program.

The goal of offering the online masters of accounting program is to provide an alternative to the traditional campus program that does not require students to relocate and forgo employment while completing the program. This new online format is expected to expand the pool of students seeking to obtain a MAC degree by attracting professionals with 4 – 8 years of experience who are not currently served by our existing full-time resident program.

Professionals are discovering that graduate accounting degrees are becoming necessary for advancement in corporate and public accounting positions. A discussion of online accounting masters' degrees in U.S. News & World Report indicates that online graduate accounting degrees can lead to more job opportunities and higher salaries. They cite a 2017 survey report by the Graduate Management Admission Council which states that 42% of people responding to the survey planned to hire masters' graduates in 2017, up from 39% in 2016. In addition, the discussion highlights a 2015 survey from Georgetown University's Center on Education and the Workforce which found that accountants age 34 or less who graduated with master's

¹ As students in the online MAC Program, they will be able to take classes in the recently approved tax analytics certificate program and pay the online MAC Program tuition rate. Only selected classes in the certificate program will be made available to the online MAC students.

degrees earned on average \$66,000, as compared to \$45,000 if they only had a bachelor's degree.

3. Unnecessary duplication. List similar programs offered by other North Carolina institutions (public or private), including enrollments and delivery method. In cases where other UNC institutions provide similar online, site-based distance education, or off-campus programs, include evidence regarding how the proposed program meets unmet need. Discuss collaborative opportunities with these programs.

Currently, the only North Carolina university that offers an online master of accounting program is the University of North Carolina at Chapel Hill. North Carolina universities that offer on-campus master's of accounting programs are: Appalachian State University, East Carolina University, University of North Carolina at Chapel Hill, University of North Carolina at Charlotte, University of North Carolina at Greensboro, University of North Carolina at Wilmington, Wake Forest University, and Western Carolina University.

The University of North Carolina at Chapel Hill's target group for the online program is students with any undergraduate degree and requires 33 to 48 credit hours to complete. NC State's online program target group will be working undergraduate accounting degree holders that are seeking a flexible program to earn their masters of accounting degree. The NC State online program will offer focus areas related to information technology, enterprise risk management and business analytics that draw on the strengths of the university and campus program. These focus areas are not offered in the University of North Carolina at Chapel Hill's online program. These focus areas are also distinctive when compared to other masters programs in the state. Additionally, it is expected that the online format will complement the campus format by offering students enrolled in either format the opportunity to take courses in the other format. With the increasing debt load of students graduating from undergraduate programs, this will enable students who cannot afford the housing, tuition and fees to attend a full-time, on-campus masters of accounting program to achieve their goals to become Certified Public Accountants and advance their professional careers.

4. Enrollment. Estimate the total number of students that would be enrolled in the program during the first year of operation and in each delivery mode (campus, online, site - add lines as needed):

Delivery Mode__ Campus_____ Full-Time __115__ Part-Time ____4_____

Delivery Mode__ Online_____ Full-Time __0__ Part-Time ____20_____

Estimate the total number of students that would be enrolled in the program during the fourth year of operation and in each delivery mode (campus, online, site - add lines as needed):

Delivery Mode__ Campus_____ Full-Time __115__ Part-Time ____4_____

Delivery Mode__ Online_____ Full-Time __0__ Part-Time ____40_____

5. Resources.

- a. Are new faculty, staff, library, facility/equipment, or other resources required to deliver the program? If so, explain the need and, using the template provided, estimate the costs and sources of funds to provide resources needed.

The department plans to use classroom capture technology to capture existing campus courses for delivery to the online program. This approach has been very successful at Auburn University and on a pilot basis in our existing MAC program.

The anticipated resources, in addition to existing faculty, needed for the program in Year 1 include:

- **Video capture technicians**
- **Instructional design support**
- **Graders**
- **Marketing/Advertising Expenditures**

The Department of Accounting is currently utilizing the expertise of an instructional design consultant to support existing classes and the recently approved tax analytics certificate program. This individual will work with each faculty member in developing an engaging and interactive online experience.

Existing MAC Program faculty will be the primary contact for the student. They will be responsible for development of course content, method of delivery and contact with students – both in asynchronous and synchronous format.

Revenue generated in Year 1 is projected to be approximately \$4,600 in premium tuition per semester for each part-time student (6-8 credit hours). For 2019-2020, the projected revenue will be (\$4,600 x 2 semesters) x 20 students = \$184,000. This will cover the resource needs.

As the program grows additional resources will be needed in the areas of:

- **Assistant Director – Online Admissions**
- **Career Services**
- **Student Advising**

The projected growth in the program from 20 to 40 students will generate an additional \$184,000 to cover these additional resources. As the program continues to grow and the classes reach capacity, additional faculty may be needed. These additional faculty will be compensated from the additional tuition.

The department and college is already investing in upgrading a video capture classroom to allow current students flexibility in taking some of their courses online.

As a new online program, we will request start-up funding from Delta to cover the incremental costs in course development. Additionally, we believe the online program will qualify for Enrollment Growth funds.

- b. Discuss how the new delivery mode will impact the workload of existing faculty.

The initial estimated enrollment levels are not anticipated to have significant impact on faculty workloads. Initial online class sizes will be small. Graders will be hired to assist with student communications and grading of some student projects and activities. It is anticipated that as the program grows, additional faculty will need to be hired.

- c. (site-based distance education and off-campus delivery only) If the institution has not previously delivered a degree program at this site, briefly describe the facilities, infrastructure, and arrangements and how they meet the needs of the program.

Not applicable.

6. Delivery Considerations. Provide assurances of the following (not to exceed 250 words per lettered item):

- a) *Access* (all programs). Students have access to academic support services comparable to services provided to on-campus students and appropriate to support the program, including admissions, financial aid, academic advising, delivery of course materials, and placement and counseling.

Similar to the campus program the online program will charge a premium tuition to support admissions, financial aid, academic advising, delivery of course materials, and career services. Services will be provided through multiple mediums – online, email, phone calls, in-person and virtual technology (e.g., Google Hangout). The existing infrastructure will be used as a platform to provide the services.

- b) *Curriculum delivery* (online and site-based distance education only). The distance education technology to be used is appropriate to the nature and objectives of the program. The content, methods and technology for each online course provide for adequate interaction between instructor and students and among students.

The department and college are investing over \$300,000 in building a new classroom capture room to use for online courses offered in the campus and online MBA and MAC programs. In addition to start-of-the-art technology, the program plans to leverage existing course and faculty experiences with the online MBA program. Faculty will engage with students using the features of the technology – discussion forums, synchronous help sessions and virtual communication methods. Additionally, faculty will be available for in person meetings, phone calls and email exchange similar to our current full-time resident program.

- c) *Faculty development* (online and site-based distance education only). Faculty engaged in program delivery receive training appropriate to the distance education technologies and techniques used.

Request to Deliver

The department is currently providing contract instructional design support to faculty developing and offering online courses for the campus MAC program that allows students additional flexibility for completing courses. A number of faculty also have experience with delivering online courses through the MBA program. The funds from the premium tuition will be allocated to support course and faculty development.

- d) *Security* (online and site-based distance education only). The institution authenticates and verifies the identity of students and their work to assure academic honesty/integrity. The institution assures the security of personal/private information of students enrolled in online courses.

NC State University's information technology provides state-of-the-art infrastructure to protect the privacy and confidentiality of faculty and student information. Secure web-based Duo authentication is mandatory to access NC State's internet services available to students and faculty. All students and faculty are required to use their campus user name and password to log into Moodle to verify their identities. A wide range of tools and approaches will be adopted to ensure the integrity of the online course offerings including:

- Using proctoring services to ensure integrity of class assignments.
- Using software tools such as Lockdown browser to limit students' access to supporting materials and extra resources during exams.
- Educating students about the academic integrity and the consequences if academic integrity is violated.

7. Contact. Provide the name, title, email address, and phone number of the person(s) responsible for planning this proposed program.

Scott Showalter, MAC Director, scott_showalter@ncsu.edu, 919-513-0526

This request to establish a new distance education degree program (or program site) has been reviewed and approved by the appropriate institutional committees and authorities.

Chief Academic Officer: _____

Chief Academic Officer (Joint Partner Campus): _____

{Insert Descriptive Title Here}
North Carolina State University

This request has been reviewed and approved by the appropriate campus committees and authorities.

Endorsed By:

Kathy Krawczyk Kathy Krawczyk 5/7/18
Head, Department/Director of Graduate Program (Printed Name and Signature) Date

Recommended By:

DONALD P. WARSING Don P. W 5/31/18
Chair, College Graduate Studies Committee (Printed Name and Signature) Date

Endorsed By:

Steven Allen Steve G. Allen 5/31/18
College Dean (Printed Name and Signature) Date

Recommended By:

(see attached concerns)
Thomas S. McHugh Thomas S. McHugh 8/2/18
Vice Provost, DELTA (if DE degree) (Printed Name and Signature) Date

Approved By:

Peter J. Harries Peter J. Harries 8/30/18
Dean of the Graduate School (Printed Name and Signature) Date

Recommended By:

Deane K. Larick Deane K. Larick 11/29/18
Dean's Council (Printed Name and Signature) Date

Approved By:

William H. Anderson William H. Anderson 11/29/18
Executive Vice Chancellor and Provost (Printed Name and Signature) Date

Approved By:

Paul Woodson Paul Woodson 12/19/18
Chancellor (Printed Name and Signature) Date

NC STATE UNIVERSITY

Chair of the NC State University Faculty Report to the North Carolina State University Board of Trustees

Submitted February 8, 2019

The last report to the Board of Trustees was submitted on October 17, 2018. Since that time, through January 22, 2019 the following topics have been **discussed at the full Faculty Senate**:

1. **TurnItIn Plagiarism Detection Solution** (October 23)

Peter Harries, Interim Dean, The Graduate School

Mike Mullen, Vice Chancellor and Dean, Division of Academic and Student Affairs

Thomas Hardiman, Director, Office of Student Conduct

The discussion announced that TurnItIn had been secured for NC State as centrally-resourced tool. Various facets of the TurnItIn software were discussed including how students can use the software as a pre-check for plagiarism in their papers. Senators learned that use of TurnItIn is not compulsory and it will be up to each faculty member to decide if and how to use the software.

2. **Student Well-Being –Fall General Faculty Meeting** (October 30)

The discussion of student well-being was centered on the three themes below. Each speaker made 5-minute introductory remarks prior to opening up to questions from the floor.

Student Mental Health:

Dr. Mike Mullen, Vice Chancellor and Dean, Division of Academic and Student Affairs (DASA)

Dr. Monica Osburn, Executive Director, Counseling Center and Prevention Services (DASA)

Angel Bowers, Associate Director, Prevention Services (DASA)

Food and Housing Security:

Dr. Mary Haskett, Professor, Department of Psychology, Humanities and Social Sciences

Mike Giancola, Student Ombuds, (DASA)

University Recreation:

Dr. Shannon DuPree, Director of Wellness, Wellness and Recreation (DASA)

Panel members discussed Student Well-Being presenting national and NC State trend data. Faculty learned about a range of student support programs and received information about how to assist students to connect with on-campus programs and resources. Seventy-five people attended in-person.

3. **Paid Parental Leave** (November 6)

Council on the Status of Women, Paid Parental Leave Working Group

Jane Harrison, North Carolina Sea Grant Coastal Economics Specialist

Jonathan Champ, DELTA Business and Technology Applications Specialist

Leah Sauerstrom, DASA Technology Service Desk Analyst

The Paid Parental Leave Working Group (PPLWG) of the Council on the Status of Women at NC State University formulated a proposal for a paid parental leave policy. The discussion allowed the Committee to gain feedback on the policy and faculty-specific considerations. The PPLWG gathered feedback on how to promote this policy among NC State University and UNC System leadership. Senators were interested in an estimation of cost to implement program and suggested examining a couple of well-established programs to identify what these organizations report as program benefits.

4. **Non-Tenure Track Faculty Employment Conditions and Faculty Designation** (December 4)

Phil Sannes, Co-Chair, Governance and Personnel Policy Committee

Marina Bykova, Co-Chair, Governance and Personnel Policy Committee

The Faculty Senate's Governance and Personnel Policy (GovPP) Committee has been exploring how to improve the status of faculty who are not in tenure line faculty positions. Following extensive conversations within the Committee and with University leadership the Committee has formulated a set of preliminary recommendations. The GovPP Committee received feedback from senators and will return to the Faculty Senate with refinements prior to making a recommendation to the Provost.

5. **D.H. Hill Construction and Closures** (January 8, 2019)

Doug Morton, Associate Vice Chancellor for Facilities

Greg Raschke, Senior Vice Provost and Director of Libraries

Mike Mullen, Vice Chancellor and Dean, Division of Academic and Student Affairs

D.H. Hill Library renovation of approximately 40,000 gross square feet scheduled for Spring 2019 includes an Academic Success Center, open study area, and Data and Technology Commons. Discussion covered planned use of space, access to the library during and following construction, and project timeline. Notably, the Hillsborough Street entrance will be re-opened and will remain open following construction.

6. **Campus Physical Security** (January 22, 2019)

Dave Rainer, Associate Vice Chancellor, Environmental Health & Public Safety

Dr. Jack Moorman, Chief of Police, University Police Department

The speakers informed senators about university police hiring standards and on-going fitness reviews; which we learned are more stringent than City of Raleigh requirements. Campus safety functions with active relationships with other campus organizations including the Bias Incident Response Team, Behavioral Assessment Team and others to advance a comprehensive approach to campus safety. University Police is Commission on Accreditation for Law Enforcement Agencies and International Association of Campus Law Enforcement Administrators accredited. NC State's Clery Act data was shared.

Other items:

The **Spring General Faculty Meeting** is scheduled for March 5, 2019 in the Talley Student Center, Room 3285. The topic has not yet been determined.

The three **Faculty Senate Committees** (Academic Policy; Governance and Personnel Policy; Resources and Environment) discuss many issues and some of them are resolved without coming to the full Senate. Committee reports are posted on the website: <https://facultysenate.ncsu.edu/>

Respectfully Submitted by:

A handwritten signature in black ink, appearing to read "Carolyn L. Bird", enclosed within a thin black rectangular border.

Carolyn L. Bird, Ph.D.
Professor of Family Resource Management
Chair of the NC State University Faculty, 2017-2019

Board of Trustees Report

January 8, 2019

Honorable Trustees,

Happy New Year! It is difficult to believe that this Staff Senate session is halfway through and that my term as Staff Chair will end in just six short months. In my first report, I stated that I wanted each of the Staff Senate's committees to adopt OKRs (objectives and key results) so that I could monitor and assess the progress of the Staff Senate during my term. In this report, I will share some selected key results from each of our committees.

The **Human Resources** committee held a very successful food drive collecting 7,290 pounds of food which is equivalent to 6,125 meals. The **Computer Loan** program is currently serving 129 clients with a healthy waiting list. The **Resources and Environment Committee** is hosting a monthly event to help reach staff across campus to work towards waste reduction and to teach about the practices currently in place at NC State to practice sustainability and improve the environment. The **Diversity** committee is hosting coffee chats with panels comprised of underrepresented NC State employees. The panel this month (January) will feature employees that work and live with disabilities. The **Governance** committee completed its revisions of the Staff Senate bylaws and recruited staff members to fill seats that were not represented and/or underrepresented on the Staff Senate. The **Public Relations** committee re-designed the weekly Staff Senate newsletter and is regularly garnering open rates between 50-60%. The PR committee also implemented a monthly constituent email that senators send out to their constituents following the monthly Staff Senate general session. The monthly email has improved communication between senators and their districts and has received immense positive feedback. The **External Affairs** committee teamed up with the Pack the Polls initiative to help push out the message to university staff regarding election participation, as well as using Talley as an early voting site. The newly formed **Employee Experience and Relations** committee crafted three Staff Advisory Council models that can be used by any department or unit at NC State wishing to include more staff and be better informed of the concerns of staff in their respective divisions.

One really cool thing the Staff Senate did this past semester was to launch what we called a "shout out." In our newsletter, we asked staff to give a shout out to a staff member who deserved additional praise for going above and beyond the realm of their job. To our surprise, we received shout outs to over 50 staff members. We then worked with athletics to further honor and recognize these staff members at a wrestling match in December (vs Nebraska) or at a women's basketball game in January (vs Duke). I was able to provide certificates to these staff members at each of these events while they were each individually recognized over the loud speaker during intermission in front of capacity crowds. This proved to be very meaningful to these staff members and their families. We look forward to continuing this for years to come.

Respectfully Submitted,



Jason Painter, PhD
Director, The Science House
Chair, NC State Staff Senate, 2018-2019

**BOARD OF TRUSTEES
NORTH CAROLINA STATE UNIVERSITY**

Executive Committee

February 22, 2019

7:30 a.m.

Jimmy Clark, Chair

Members: Andrews, Cabaniss, Goodnight, Kelly

AGENDA

CALL TO ORDER

Reading of Conflicts of Interest

Jimmy Clark, Chair

ROLL CALL

APPROVAL OF MINUTES

✓ — January 25, 2019 Open & Closed Meeting of the Executive Committee

CHAIR'S REPORT

CLOSED Session

RECONVENE IN OPEN SESSION

ADJOURN

OPEN SESSION MINUTES
North Carolina State University
Special Meeting
Board of Trustees Executive Committee
Friday, January 25, 2019

Members present: Jimmy D. Clark, Chair; Robert F. “Chip” Andrews, Thomas E. Cabaniss; Ann B. Goodnight; and Stanhope A. Kelly

Others present: Randy Woodson, Chancellor; Rob Hoon, Interim Vice Chancellor and General Counsel; and PJ Teal, Assistant Secretary

Chair Clark called the meeting to order at 3:00 p.m. He reminded all members of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act and inquired as to whether there were any known conflicts of interest or appearances of conflict with respect to any matters coming before the board at this meeting. There being none, Chair Clark then called on Assistant Secretary PJ Teal for the roll call.

ROLL CALL

Assistant Secretary PJ Teal called roll and certified that a quorum was present.

MINUTES

Mrs. Goodnight made the motion, seconded by Mr. Cabaniss, to approve the open and closed session minutes of the November 28, 2018, meeting of the Executive Committee. The motion passed.

CLOSED SESSION

A motion was made by Mrs. Goodnight to establish or instruct the staff concerning the negotiation of the amount of compensation or other terms of an employment contract and to consider the qualifications, competence, performance, condition of appointment of a public officer or employee or prospective public officer or employee. Mr. Kelly seconded the motion. The motion carried.

RECONVENE IN OPEN SESSION

After coming out of closed session, Chair Clark announced that the meeting is in open session.

With no further business for the Executive Committee, Chair Clark adjourned the meeting at 3:45 p.m.

Respectfully submitted:

Assistant Secretary

Secretary

Chair