



NORTH CAROLINA CENTRAL UNIVERSITY

NCCU BOARD OF TRUSTEES

Division of Administration and Finance Update

Mary Peloquin-Dodd

September 30, 2024



WHERE PURPOSE TAKES FLIGHT

- August – September 2024 Update
- Finance Process Improvements
- Audit Activity
- NCCU Financial Overview
- Moody's Credit Rating



August - September 2024 Updates

- Personnel Changes
 - Malissa Evans-Hall, Interim Associate Vice Chancellor for Budget and Planning
 - Derrick Magee – Financial Manager for Athletics
 - Other Leadership
- UNC System Support of Initiatives and Consultant Activity
 - PFM
 - First Tryon Advisors
 - Controller and Disbursement Director, ECSU

Finance Process Improvements

- Accounts Payable, Travel, Card Services
 - Greater Emphasis on Timeliness
 - Moving to More Efficient Electronic Approvals and Payments
- Accounting Processes
 - Avoiding Financial Statements Restatement
 - Budget Development and Information sharing across the University

Audit Activity

- Audit Activity
 - Annual State Auditors on Site for Fiscal 2024 Audit
 - Real Estate Foundation Audit
 - External Audit for Campus Enterprises (cancelled)
- Regulatory Activity
 - State Purchasing and Contract Audit (standard review every 18 months)

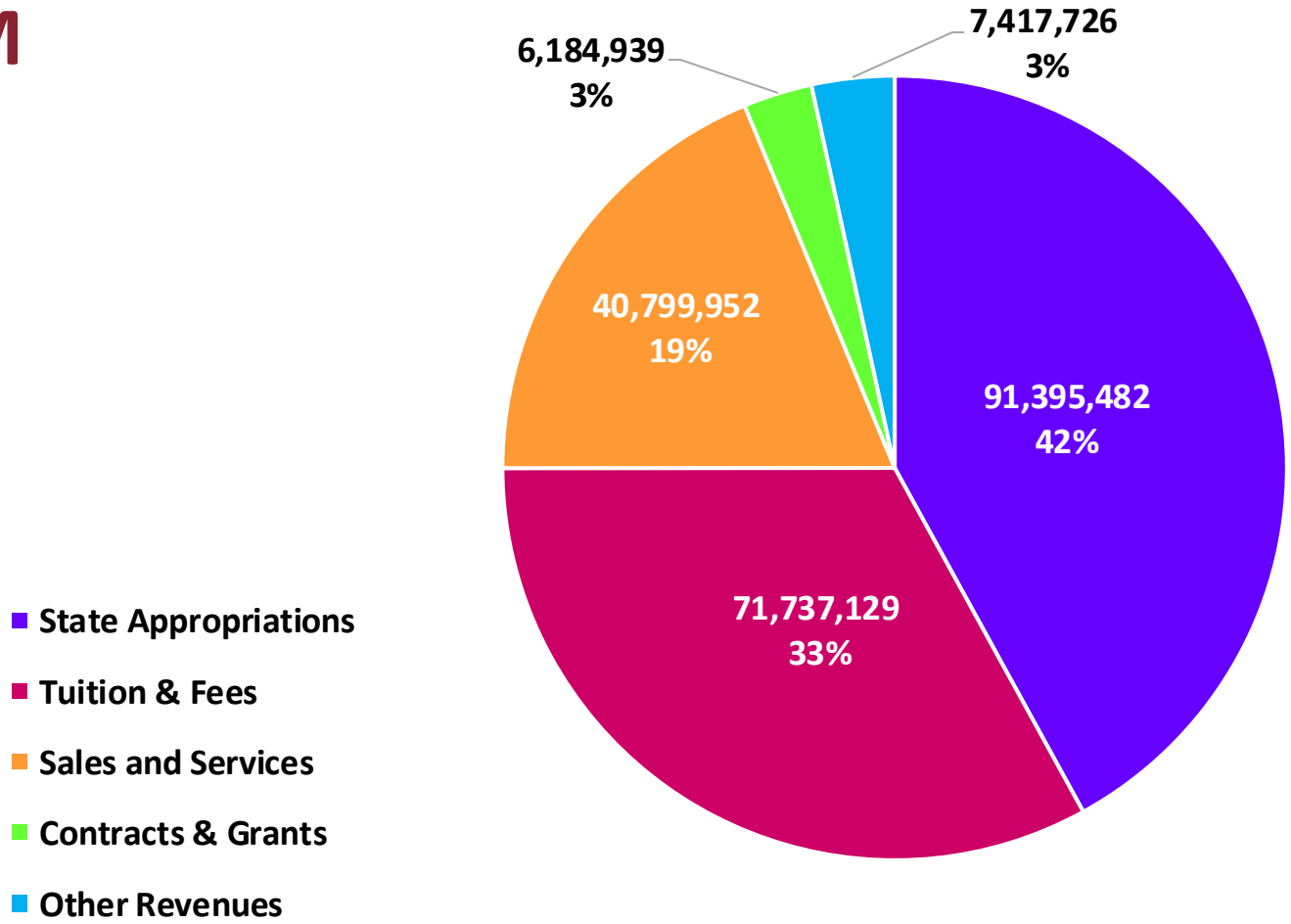


Financial Overview

FY25 All Funds Budget

(in millions)

FY 2025
\$217.54M
(Revenue)





Financial Overview

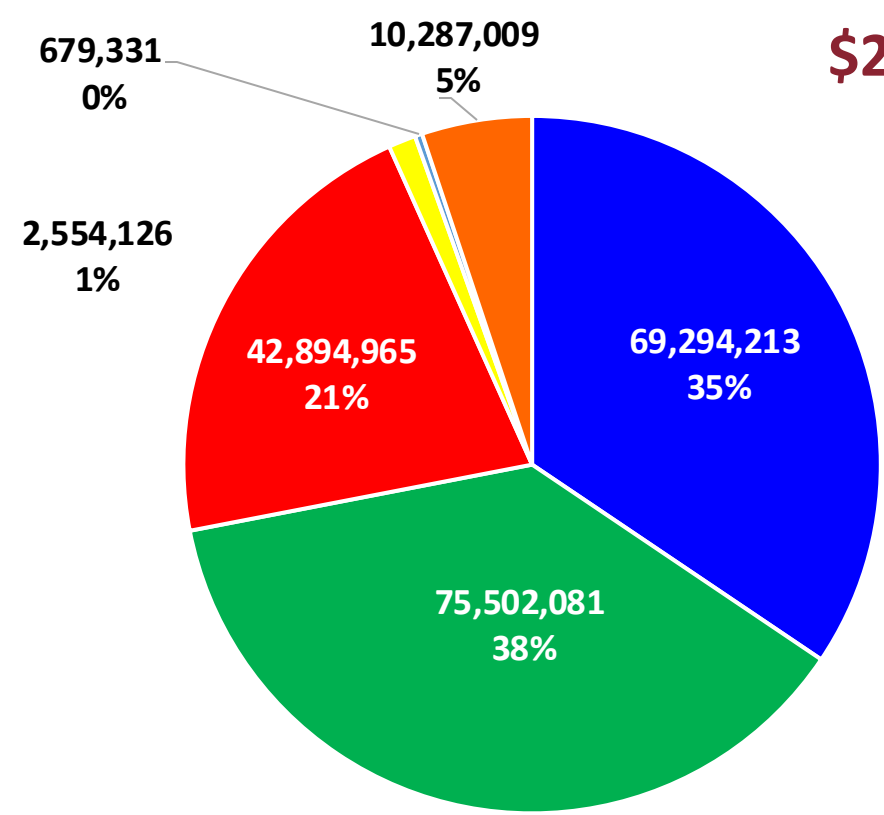
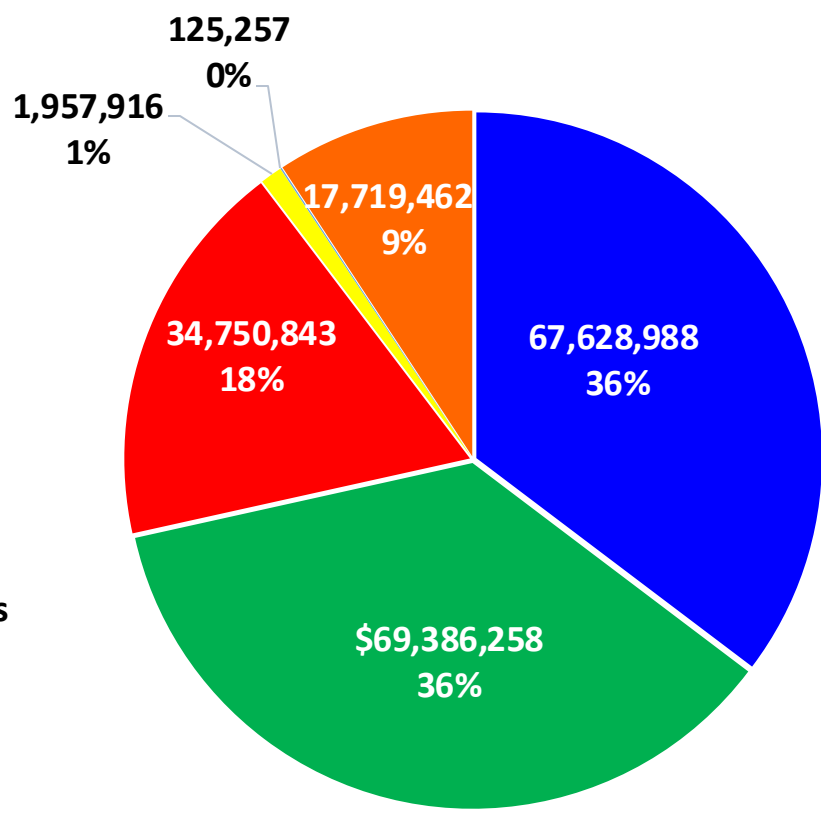
FY2023 vs FY2024 Actual Revenue Comparison

(in millions)

FY 2023
\$191.6 M

FY 2024
\$201.2M

- State Appropriations
- Tuition & Fees
- Sales and Services
- Contracts & Grants
- Gifts and Investments
- Other Revenues





Financial Overview

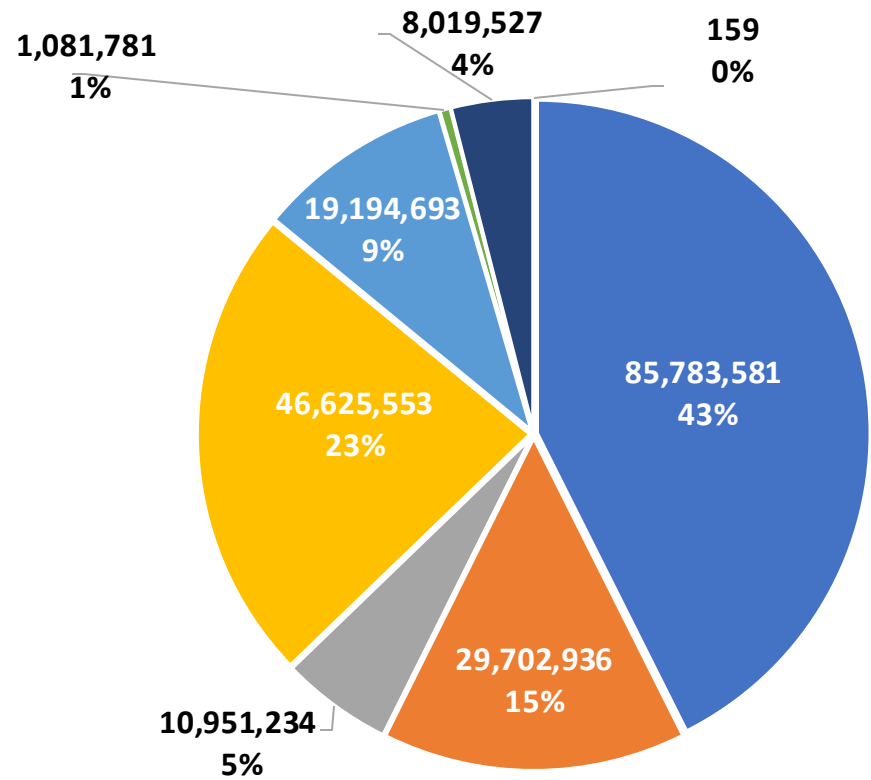
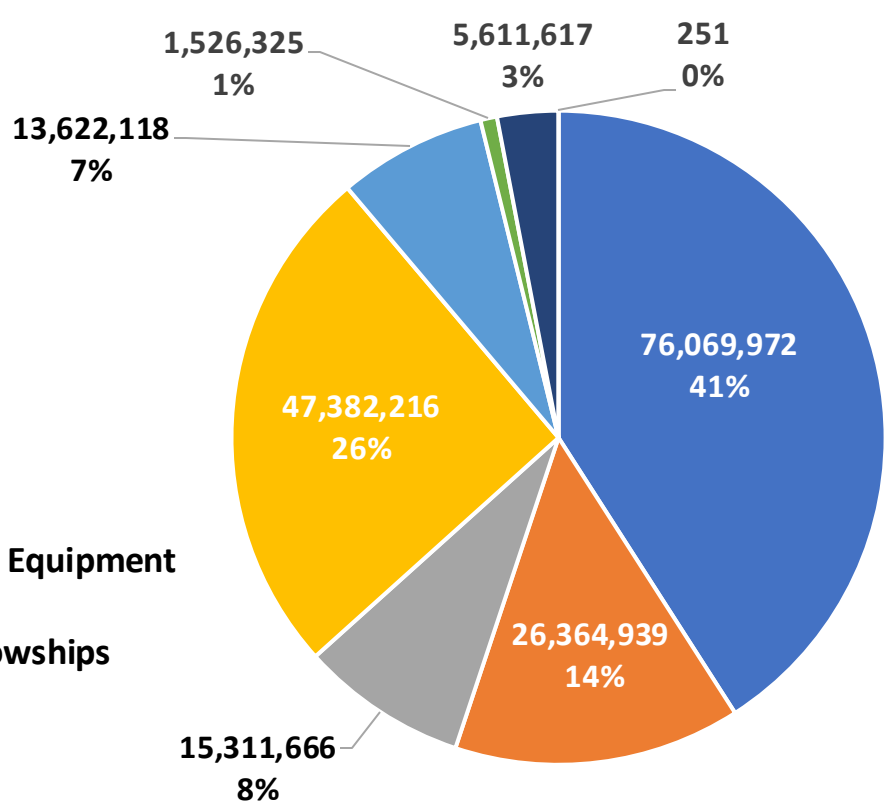
FY2023 vs FY2024 Actual Expenditure Comparison

(in millions)

FY 2023
\$185.9M

FY 2024
\$201.4M

- Salaries and Wages
- Staff Benefits
- Supplies Material & Equipment
- Services
- Scholarships & Fellowships
- Debt Service
- Utilities
- Other Expenses



Moody's Credit Analysis

As of FY23, NCCU's credit rating is A3:

- Reflects the strong annual support from the State of North Carolina that partially offsets student-related revenue declines.

FY23 Rating Outlook:

- Moody expects the University to continue receiving generally stable state appropriations, control expenses to generate balanced operations and maintain wealth and liquidity.

Moody's Credit Analysis

Credit Strengths



Appropriations from the State of North Carolina support core operations



Sizeable scope of operations with diverse degree programs and operating revenue



Donor support aids prospects for gains in endowment for financial aid and other priorities

VS

Credit Challenges



Limits on tuition pricing and financial aid policies underscore credit quality



Historically thin operating performance



The rising age of plant, higher financial leverage and lagging capital investment

Moody's Credit Analysis

Credit Upgrade



Sustainability in performance driven by revenue growth and expense management



Stronger liquidity providing greater coverage of debt and operating expenses



Material growth in total wealth and financial reserves

VS

Credit Downgrade



Decline in financial support received from the State of North Carolina



Reduction in unrestricted liquidity, declining debt service coverage, or decrease in available funds



The rising age of plant, higher financial leverage and lagging capital investment

**WHERE
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