



NCCU BOARD OF TRUSTEES
March 20, 2025

DIVISION OF ADMINISTRATION AND FINANCE

Finance Update

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WHERE PURPOSE TAKES FLIGHT

- ☐ Administration and Finance Division Leadership
- ☐ FY24 Finance & Audit Updates
- ☐ FY25 Budget Update
- ☐ FY26 Budget Process



A&F Division Leadership



Vision for Administration and Finance

- Ensure Financial Viability through:
 - Proper Resource Stewardship
 - Routine Current Year Projections
 - Multi-year Planning
 - Strategic Budgeting
 - Diversified/Increased Revenue Streams
 - Report Development
 - Strategic Procurement of Goods and Services
 - Controlling Unnecessary Spending
 - Key Performance Indicators
 - Managing Risks
- Operate Efficiently and Effectively



Financial Operations – The Vision

- Run efficiently and effectively
- Process transactions timely and accurately
- Remove unnecessary administrative hurdles for campus constituents
- Ensure compliance with University, UNC System, NC State and Federal policies/regulations
- Minimize risk through proper controls
- Align responsibility with authority and accountability



Operational Assessment

- Identify:
 - Critical functions needed but not performed
 - Policy compliance issues/challenges
 - Misalignments of staff skillsets and job functions
 - Adequacy of and use of current tools and systems
 - Training gaps
 - Reporting needs
- Next Steps: Develop Action Plans

Measurements of Success

- Increased department/employee satisfaction
- Budget to Actual reports are accurate and timely
- Proactive decision-making is occurring
- Fewer late payment charges incurred
- Increased number of procurement events
- Deployment of contracts management module of Jaggaer.



FY24 Finance & Audit Updates



Audit Activity Updates

- Financial Audits
 - State Auditors Fiscal 2024 Audit – Final Report expected by May 20.
 - Radio Station Audit (CPB Requirement) – Complete
 - 3rd Party: Associated Entities Activity
 - Rural Health Hub – Complete
 - NCCU Foundation – Complete
 - Real Estate Foundation – Complete
- Compliance Audits
 - State Purchasing and Contract Audit – Complete*
 - Single Audit – Title III – Complete*

*Some deficiencies were identified; Corrective measures are actively being developed and implemented.



NORTH CAROLINA CENTRAL UNIVERSITY

Balance Sheet

FY24 and FY23

(In Millions)

	<u>FY24</u>	<u>FY23</u> (Restated)
Current Assets	\$57.9	\$63.2
Total Assets	\$561.7	\$558.9
Current Liabilities	\$32.9	\$26.9
Total Liabilities	\$296.0	\$289.0
Current A/L Ratio	1.8 times	2.4 times
Total A/L Ratio	1.9 times	1.9 times

Balance sheet showed an increase in Accounts Payable and a slight drop in Current Assets. As a result, the current asset/liability ratio dropped from 2.4 times to 1.8 times.

Fiscal Year 2024 data is based on draft, unaudited financial statements. FY23 is based on restated audit financial statements to account for omitted capital assets (\$2.7m, donated equipment) and the restated rental agreement with Rural Health Hub (\$5.6m, -supplies/services, +receivable)



Income Statement

FY24 and FY23

(In Millions)

	<u>FY24</u>	<u>FY23</u> (Restated)
Total Operating Rev	\$113.5	\$108.1
Total Net Nonoperating	\$135.5	\$159.0
Total Operating Expenses	\$246.9	\$233.5
Net Oper Income Before Cap	\$2.1	\$33.6

Net operating income fell by \$31.5 million but was still positive at \$2.1 million. The growth of expenses in fiscal 2024 exceeded the growth of revenue, and net nonoperating income fell due to the depletion of COVID funds in fiscal 2023.

State appropriations shows up in nonoperating revenue.



FY25 Budget Update

Key Budget Drivers

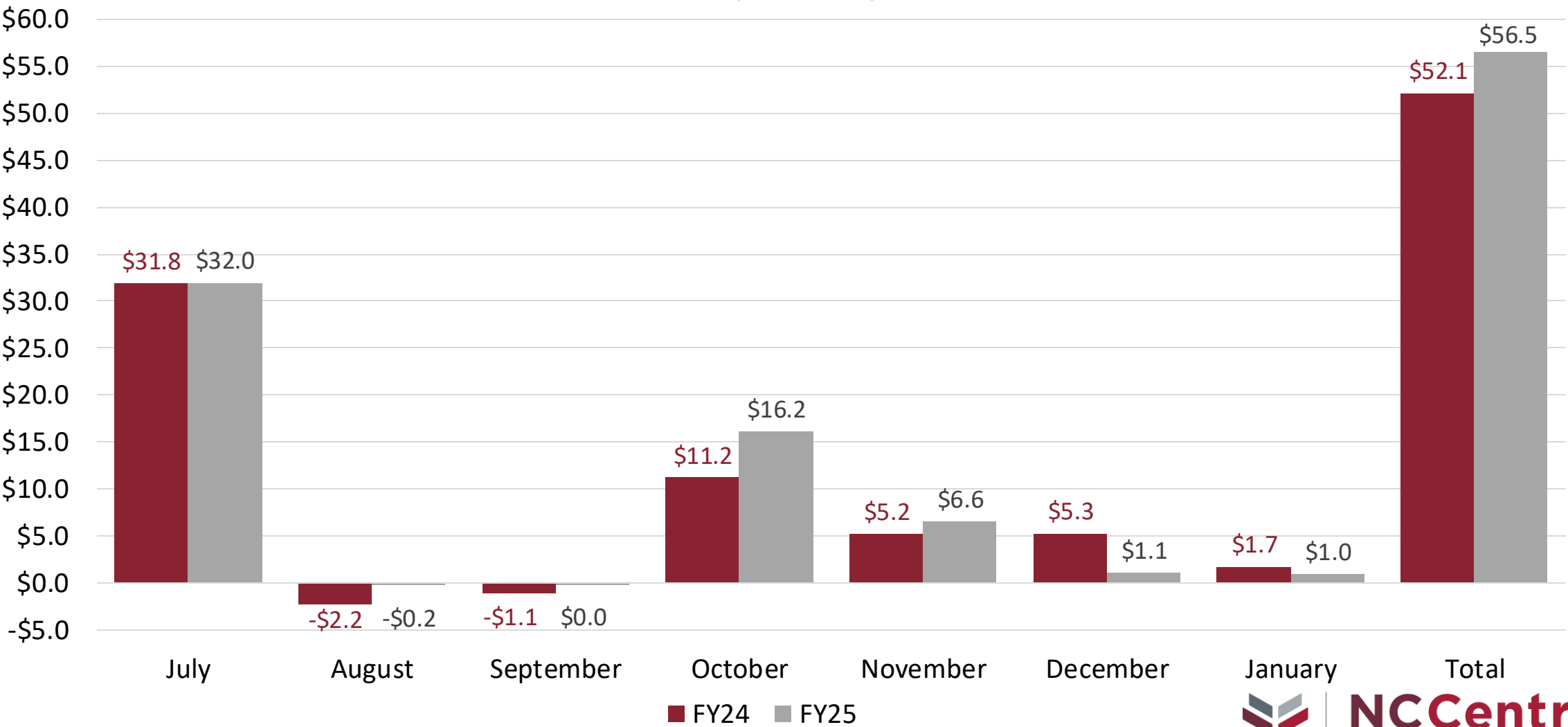


Tuition & Fees

Actuals - FY24 vs FY25

July-January

(in millions)





Expenses

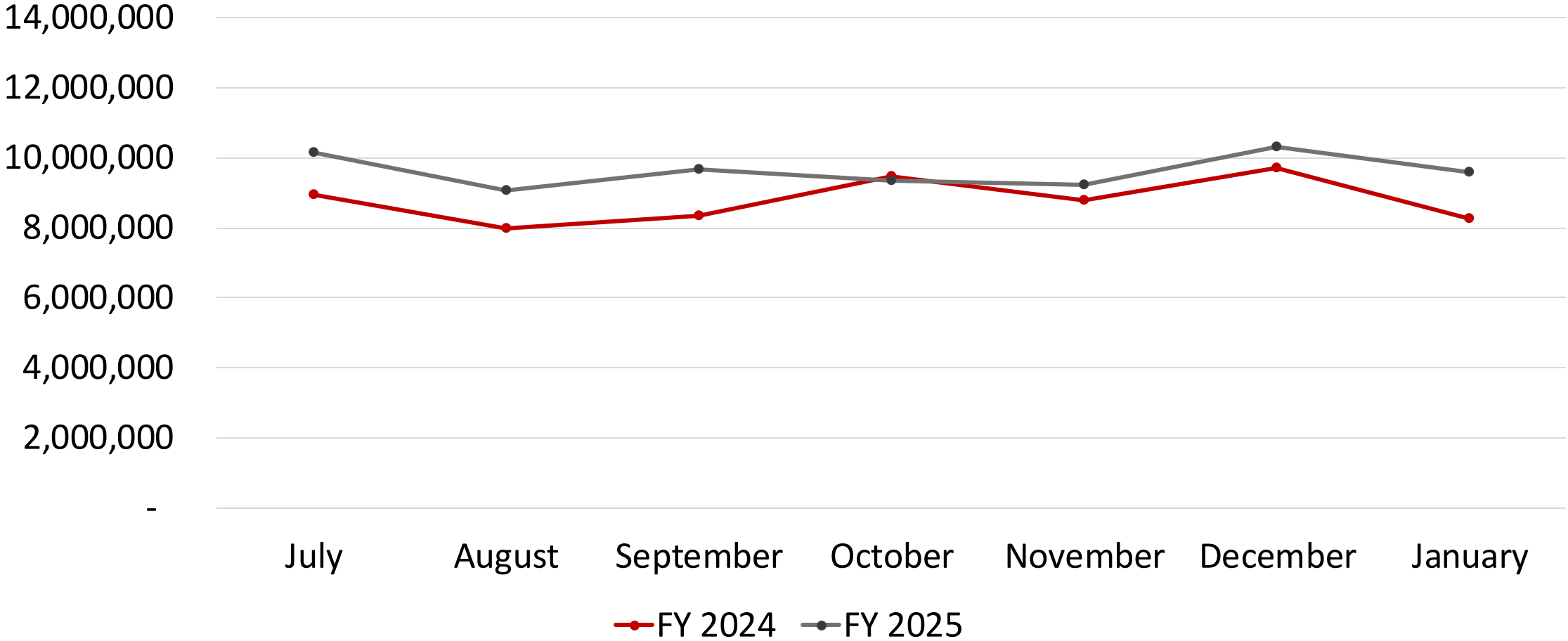
- The University's hiring freeze is having a positive impact.
(Chancellor's 11/14/2024 budget communication)
- Policy and procedure trainings aim to ensure compliance and proper stewardship of University resources.
- Spending priorities for the remainder of the year are limited to student academic travel, student club and organization activity, regulatory compliance, grants, utilities/occupancy expenses, and other necessary spending to avoid work stoppage.
 - Improves Cash Flow
 - Improves Fiscal Year End Close Process



Payroll

Actuals - FY24 vs FY25

(in millions)





FY26 Budget Development



‘All Funds’ Budgeting (AFB)

- It is a process that ensures the efficient and effective use of all available resources.
- It requires all revenues and expenses to be planned and budgeted.
- It approaches budgeting as a quantitative representation of the priorities of the University for general operations, as well as capital and strategic investments.
- It sets the stage for multi-year financial planning.

FY26 Budget Development Update

- 'All Funds' budget development is ongoing
- Budget review meetings with units have occurred
- A Budget Managers Workgroup has been established and meets periodically.
- Banner clean up remains underway to support the budget process
- Decision was made to delay Anaplan (budget tool) usage until the FY27 budget development cycle
- First Tryon remains engaged to support budget development efforts