

Quarterly Budget Report - Explanations 2nd Quarter, 2011-2012

General Comments

I thought *Governmental and Non-Governmental Contracts and Grants* have different budget periods from the University's fiscal year. How are these revenues reflected on this report?

Contracts and grants do operate on fiscal years other than July 1 through June 30. The budget information for these awards is compiled based on the actual expenses of the awards.

How are the revenues from indirect cost reimbursements (F&A receipts) reflected on the report?

Facilities & Administrative receipts are included with Contracts and Grants revenue. The carryforward of unspent F&A receipts from the prior year is recorded as revenue in the 1st quarter.

Does the amount displayed for *Gifts* represent new gifts?

Unspent gifts from the prior year are carried forward, budgeted, and recorded as revenue since they are available for expenditure. New gifts during the year would increase the budget amount.

What is included in *Other Sources of revenue*?

This consists primarily of Medicaid payments to UNC Physicians & Associates as "Miscellaneous Income". Additional sources include fines and penalties, proceeds from insurance settlements, surplus property sales, and rental/lease income.

Specific Variances

Note 1: Why are *Tuition and Fees* \$12 million more than budget? Revenue collections are higher in the 1st half of the year because tuition and fees for the Spring semester are due prior to the beginning of the semester.

Note 2: Why are *Governmental Contracts and Grants* \$70.5 million more than budget? The budget represents one-half of the annual budget, while actual revenues include facilities and administrative (overhead) receipts carry forward amounts from FY11.

Note 3: Why are *Instruction, Public Service, Student Services, Academic Support, and Institutional Support* under budget? As in most categories of revenues and expenses, the budgets for the first six months of the year for these areas are one-half of the annual amounts. Actual spending is delayed in many departments primarily due to the late start of the fall semester relative to the beginning of the fiscal year.

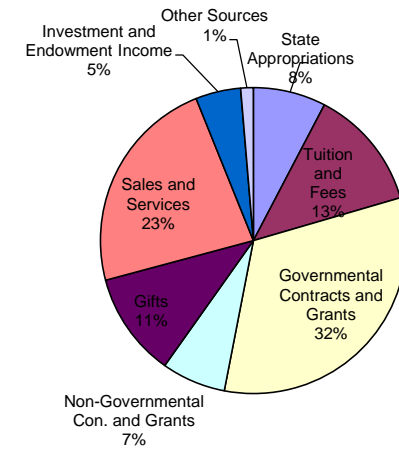
The University of North Carolina at Chapel Hill
Budget to Actual Report
(Dollars in thousands)

	FY 2009-2010	FY 2010-2011	Fiscal Year 2011-2012			
	July - Dec.	July - Dec.	July - Dec.	July - Dec.	Variance	
	Actual	Actual	Budget	Actual	Dollar	%
Revenues:						
State Appropriations	\$154,610	\$191,184	\$160,409	\$149,533	(\$10,876)	(6.8%)
Tuition and Fees ⁽¹⁾	206,678	228,675	236,917	249,165	12,248	5.2%
Governmental Contracts and Grants ⁽²⁾	526,117	608,708	563,917	634,458	70,541	12.5%
Non-Governmental Con. and Grants	147,878	147,463	132,399	131,795	(604)	(0.5%)
Gifts	181,576	197,548	215,298	214,418	(880)	(0.4%)
Sales and Services	425,241	409,630	413,712	449,292	35,580	8.6%
Investment and Endowment Income	81,401	89,047	92,791	92,512	(279)	(0.3%)
Other Sources	29,470	29,681	27,949	26,191	(1,758)	(6.3%)
Total Revenues	\$1,752,971	\$1,901,936	\$1,843,392	\$1,947,364	\$103,972	5.6%

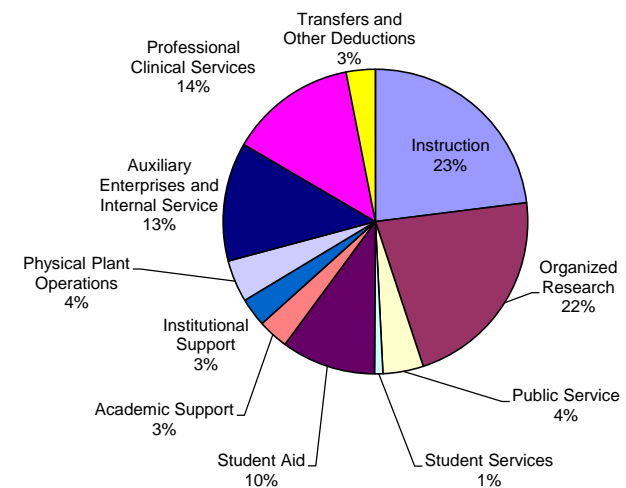
Expenses/Transfers/Other:						
Instruction ⁽³⁾	\$341,390	\$343,170	\$450,761	\$339,049	\$111,712	24.8%
Organized Research	295,290	321,956	345,737	322,540	23,197	6.7%
Public Service ⁽³⁾	63,631	62,571	72,003	63,280	8,723	12.1%
Student Services ⁽³⁾	14,934	14,178	17,228	13,091	4,137	24.0%
Student Financial Aid	57,065	136,050	150,118	147,507	2,611	1.7%
Academic Support ⁽³⁾	54,467	51,651	65,779	47,719	18,060	27.5%
Institutional Support ⁽³⁾	48,877	48,826	94,481	44,583	49,898	52.8%
Physical Plant Operations	70,965	68,402	68,526	65,405	3,121	4.6%
Auxiliary Enterprises and Internal Service	192,727	189,841	205,338	185,839	19,499	9.5%
Professional Clinical Services	168,644	180,225	202,422	198,537	3,885	1.9%
Transfers and Other Deductions	35,965	27,953	44,712	45,503	(791)	(1.8%)
Total Expenses, Transfers & Other	\$1,343,955	\$1,444,823	\$1,717,105	\$1,473,053	\$244,052	14.2%

Excess Revenues Over Expenses, Transfers & Other	\$409,016	\$457,113	\$126,287	\$474,311	\$348,024	
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Fiscal Year 2011-2012 July - Dec. Revenues



Fiscal Year 2011-2012 July - Dec. Expenses and Transfers



Definitions of Revenue and Expenditure Classifications

Revenues:

State Appropriations – This category includes financial resources provided through legislative actions of the NC General Assembly for current operations.

Tuition and Fees – This category includes tuition charges to students enrolled in courses or academic programs during regular terms, summer terms, or through the extension program. Also included are fees charged to enrolled students including educational and technology fees, athletic fee, health service fee, student activities fee, special fees, debt service fees, application fees, and miscellaneous fees.

Governmental Contracts and Grants – This category includes financial resources provided by departments, agencies, and other entities of the federal government, NC State government, or other governmental units. The financial resources provided are for both the direct or indirect costs of contracts and grants. The University's direct uses of the resources are restricted by awarding entities to specific projects, programs, or services.

Private Gifts, Contracts, and Grants – This category includes financial resources provided by individuals, foundations, and other nongovernmental entities. The gift, contract, or grant may be for specific projects, programs, or services indicated by awarding entities; or the awarding entity may not require that the resources be used for primary and supportive activities of the University.

Sales and Services & Other Sources – This category includes financial resources from the sales of merchandise and the rendering of services by Auxiliaries Enterprises such as residence halls, food services, intercollegiate athletics, student stores, and transportation and parking. Also included are the sales and services of Internal Services such as utilities operations, printing and duplicating, and the central warehouse as well as the sales and services of the Professional Clinical Services such as UNC Physicians and Associates and the Dental Faculty Practice Plan.

Investment and Endowment Income – This category includes financial resources provided for the University's current operations by the Endowment Fund. The endowment income may be for specific uses indicated in endowment agreements as a precondition to acceptance of endowment corpus by the University. Also included in this category are endowment income that is not restricted to specific primary and supportive activities and investment income earned on the University's institutional trust funds.

Expenditures/Transfers/Other:

Instruction – This category represents expenditures for all activities that are part of the University's instruction program including regular term, summer term, and extension. The instruction category includes institutional services in which knowledge, expertise, and skill are acquired and accumulated by faculty members through academic and scholarly efforts and transmitted to students through pedagogical endeavors.

Organized Research – This activity includes research efforts of a specified scope conducted for the primary purpose of achieving identified research outcomes, whether commissioned and sponsored by external agencies or University sponsored research that is separately budgeted within the University.

Definitions of Revenue and Expenditure Classifications

Public Service – This activity includes non-instructional and non-research services provided primarily for the benefit of persons external to the University. Included in this category are Area Health Education Centers operations and WUNC-FM.

Academic Support – This category includes services of the University that provide support services for the university's primary missions: instruction, research, and public service. This category includes the retention, preservation, and display of educational materials, for example, the libraries. Also included are academic computing support and academic administration.

Institutional Support – This category includes expenditures for general operational support and for central executive-level activities concerned with management and long-range planning for the University. This category includes fiscal operations, institutional research, human resources, central purchasing, campus safety and security, development, investment operations, and administrative computing support.

Student Services – This category includes expenditures for the offices of admissions, the registrar, and financial aid administration, and for services of the University which support and complement academic programs and contribute to students' emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program.

Physical Plant Operations – This category includes expenditures of current funds for the operation, repair, and maintenance of the physical plant, including maintenance of grounds and facilities, construction administration, utilities, and property insurance.

Student Financial Aid – This category includes expenditures for scholarships and fellowships in the form of grants to students, resulting from selection by the University or from an entitlement program. This category includes trainee stipends and tuition remissions. Recipients of grants are not required to perform services for the University as consideration for the grant, nor are they expected to repay the amount of the grant.

Self-Supporting Operations – Auxiliary Enterprises are managed as essentially self-supporting activities and provide goods or services to students, faculty, or staff, and charge a fee directly related to, although not necessarily equal to, the cost of the goods or services. Examples are residence halls, food services, intercollegiate athletics, student stores, and transportation and parking. Internal Services provide goods or services within the University for use by University departments. Examples are utilities operations, printing and duplicating, and the central warehouse. This category also includes services rendered by health care professionals under an organized practice plan approved by the University or a contractual agreement between the University and a hospital or other health care provider. Examples include UNC Physicians and Associates and the Dental Faculty Practice Plan.

Transfers and Other Deductions – This category includes mandatory and non-mandatory transfers involving current funds as well as other deductions or uses of current funds. Mandatory transfers include required transfers to fund payments for debt principal, interest, and reserves for renewal and replacement of facilities. Non-mandatory transfers include transfers to fund capital improvement projects and establish quasi-endowments. Quasi-endowments function as endowments, but the decision to invest otherwise expendable resources is made by the university and is not based on donor restrictions.