

Quarterly Budget Report - Explanations 1st 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 *Governmental Contracts and Grants* \$93 million more than budget?

The budget represents one-fourth of the annual budget, while actual revenues include Facilities & Administrative (F&A) receipts carry forward amounts from 2010-11.

Note 2 Why are *Instruction, Public Service, Academic Support, and Institutional Support* under budget?

As in most categories of revenues and expenses, the 1st quarter budgets for these areas are one-fourth of the annual amount. Actual spending is delayed in many departments primarily due to the late start of the fall semester relative to the beginning of the quarter.

Note 3 Why is *Student Financial Aid* over budget?

Expense differences in this area are due to seasonal variations in expense activity within a fiscal year. Financial aid awards are higher in the 1st quarter at the beginning of the Fall semester than in the 2nd quarter. The report shows a large increase from 2009-10 to 2010-11 that continues into 2011-12. This increase is due to two reasons 1) a Department of Public Instruction loan program has been reclassified as a University Fund and thus now appears as part of this report and 2) as tuition has increased this year, student aid has increased accordingly.

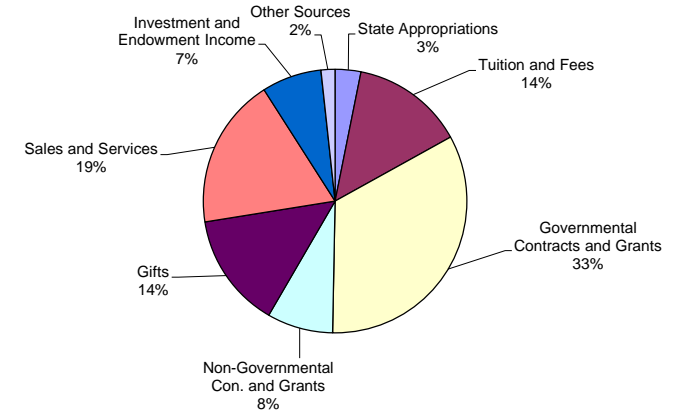
Note 4 Why are *Transfers and Other Deductions* \$9 million under budget?

While the 1st quarter budget for this area represents one fourth of the annual budget, the billing for bond portfolio principal happens once a year and outside of the first quarter leading to this variance.

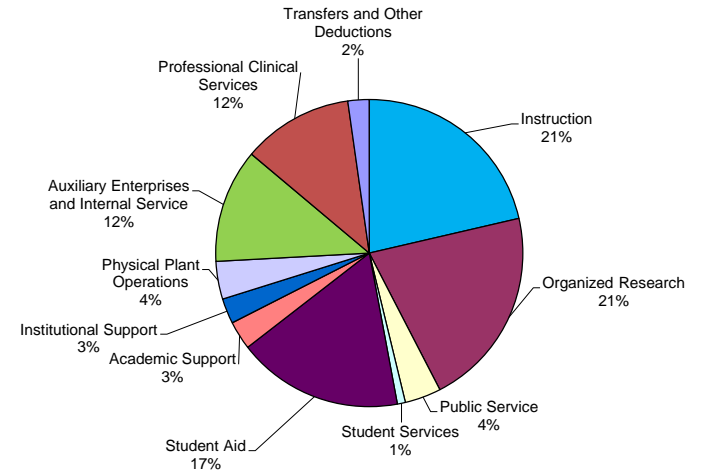
The University of North Carolina at Chapel Hill
Budget to Actual Report
(Dollars in thousands)

	FY 2009-2010	FY 2010-2011	Fiscal Year 2011-2012			
	July - Sept.	July - Sept.	July - Sept.	July - Sept.	Variance	
	Actual	Actual	Budget	Actual	Dollar	%
Revenues:						
State Appropriations	\$66,652	\$61,208	\$50,244	\$39,280	(\$10,964)	(21.8%)
Tuition and Fees	133,203	150,310	146,479	171,182	24,703	16.9%
Governmental Contracts and Grants ⁽¹⁾	307,694	409,828	321,300	414,224	92,924	28.9%
Non-Governmental Con. and Grants	65,021	112,212	100,384	100,264	(120)	(0.1%)
Gifts	153,644	175,752	175,537	174,980	(557)	(0.3%)
Sales and Services	218,358	220,402	217,301	229,494	12,193	5.6%
Investment and Endowment Income	73,783	87,615	91,364	90,965	(399)	(0.4%)
Other Sources	30,008	30,262	21,421	21,348	(73)	(0.3%)
Total Revenues	\$1,048,363	\$1,247,589	\$1,124,030	\$1,241,737	\$117,707	10.5%
Expenses/Transfers/Other:						
Instruction ⁽²⁾	\$167,680	\$169,969	\$229,645	\$168,773	\$60,872	26.5%
Organized Research	148,846	160,293	175,392	165,957	9,435	5.4%
Public Service ⁽²⁾	32,338	30,154	37,741	30,101	7,640	20.2%
Student Services	7,526	7,428	7,795	6,758	1,037	13.3%
Student Financial Aid ⁽³⁾	49,107	125,771	107,002	137,590	(30,588)	(28.6%)
Academic Support ⁽²⁾	28,127	27,287	35,182	23,706	11,476	32.6%
Institutional Support ⁽²⁾	26,133	26,076	39,642	20,956	18,686	47.1%
Physical Plant Operations	36,427	34,220	35,171	31,375	3,796	10.8%
Auxiliary Enterprises and Internal Service	101,354	99,183	100,134	94,544	5,590	5.6%
Professional Clinical Services	85,385	87,441	94,951	91,877	3,074	3.2%
Transfers and Other Deductions ⁽⁴⁾	9,872	11,067	26,526	17,710	8,816	33.2%
Total Expenses, Transfers & Other	\$692,795	\$778,889	\$889,181	\$789,347	\$99,834	11.2%
Excess Revenues Over Expenses, Transfers & Other	\$355,568	\$468,700	\$234,849	\$452,390	\$217,541	

Fiscal Year 2011-2012 July - Sept. Revenues



Fiscal Year 2011-2012 July - Sept. Expenses & 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.