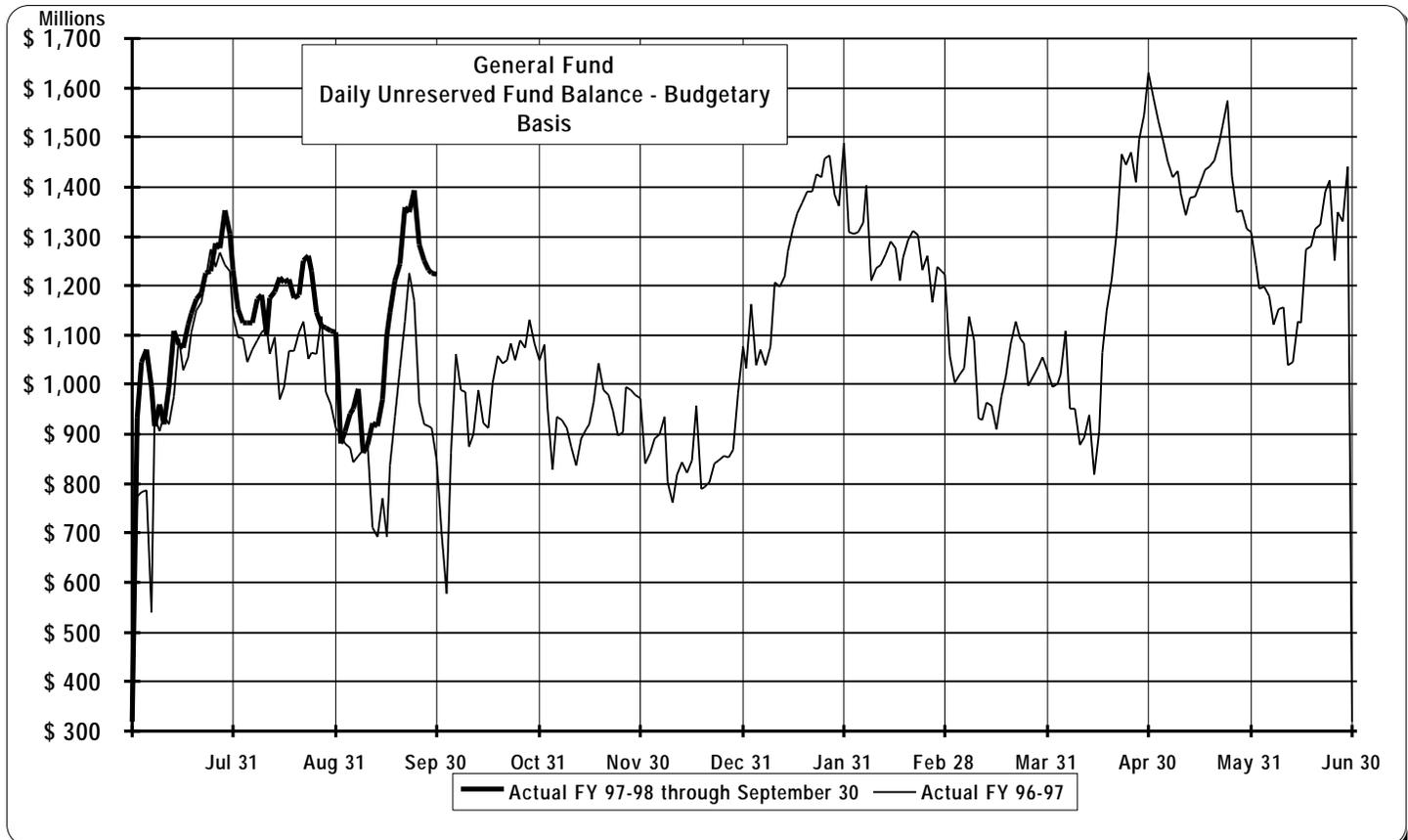


# STATE OF NORTH CAROLINA

## SUMMARY OF FINANCIAL CONDITION

September 30, 1997

### Fund Balance



At **September 30, 1997** and 1996, the reserved and unreserved fund balance was composed of the following (in millions):

<b>Fund Balance:</b>	<b>1997-98</b>	<b>1996-97</b>
<b>Reserved:</b>		
Savings account.....	\$ 500.9	\$ 500.9
Retirees health premiums.....	196.5	162.8
Repairs and renovations		—
Available from prior years.....	44.2	130.0
1996-97 additions.....	—	—
Clean water management.....	49.4	47.1
North Carolina Railroad acquisition.....	61.0	—
Intangibles tax refunds.....	—	—
Capital improvements.....	—	—
Federal retirees' refunds.....	—	—
Disproportionate share.....	—	—
Chemical alcohol testing.....	.4	.4
Library grant.....	—	.3
<b>Total Reserved.....</b>	<b>852.4</b>	<b>841.5</b>
<b>Unreserved:</b>		
Fund Balance - July 1.....	318.7	406.1
Transfer from reserves.....	174.5	1.6
Transfer to reserves.....	—	—
Transfer from statutory reserves.....	—	—
Transfer to statutory reserves.....	—	—
Excess of revenue over (under) expenditures..	728.6	444.7
<b>Total Unreserved.....</b>	<b>1,221.8</b>	<b>852.4</b>
<b>Total Fund Balance.....</b>	<b>\$ 2,074.2</b>	<b>\$ 1,693.9</b>

Section 7.9, Chapter 18 of the 1996 Session Laws (House Bill 53 adopted in the Second Extra Session) authorized the Director of the Budget to use lapsed salaries for the 1995-97 biennium to match federal funds for disaster relief. In addition, Governor Hunt issued a declaration of disaster under G.S. 166A for certain North Carolina counties as a result of the Winter Storms of 1996, and Hurricanes Bertha and Fran.

# STATE OF NORTH CAROLINA

## SUMMARY OF FINANCIAL CONDITION

September 30, 1997

### Revenues - Tax and Non-Tax

<b>General Fund Actual Net Revenues — Year-To-Date</b>								
Expressed In Millions	Month				Year-To-Date			
	1997-98	1996-97	Change	% Change	1997-98	1996-97	Change	% Change
<b>Tax Revenues:</b>								
Individual Income	\$ 526.7	\$ 450.5	\$ 76.2	16.9%	\$ 1,256.0	\$ 1,113.7	\$ 142.3	12.8%
Corporate Income	114.8	110.8	4.0	3.6%	115.9	112.9	3.0	2.7%
Sales and Use	289.0	263.8	25.2	9.6%	820.9	776.2	44.7	5.8%
Franchise	29.1	19.9	9.2	46.2%	72.4	75.0	(2.6)	(3.5)%
Insurance	0.9	0.7	0.2	28.6%	3.5	2.6	0.9	34.6%
Beverage	15.0	15.2	(0.2)	(1.3)%	39.1	38.0	1.1	2.9%
Inheritance	10.9	9.5	1.4	14.7%	33.4	30.4	3.0	9.9%
Soft Drink	2.1	2.7	(0.6)	(22.2)%	7.1	9.4	(2.3)	(24.5)%
Privilege License	0.6	(1.0)	1.6	160.0%	9.7	17.9	(8.2)	(45.8)%
Tobacco Products	4.0	4.2	(0.2)	(4.8)%	12.4	12.3	0.1	0.8%
Real Estate Conveyance Excise	—	—	—	—	7.1	6.3	0.8	12.7%
Intangibles	—	—	—	—	—	0.2	(0.2)	(100.0)%
Gift	0.4	0.1	0.3	300.0%	0.9	0.6	0.3	50.0%
White Goods Disposal	0.6	0.7	(0.1)	(14.3)%	2.4	2.3	0.1	4.3%
Scrap Tire Disposal	0.8	0.9	(0.1)	(11.1)%	2.6	2.5	0.1	4.0%
Freight Car Lines	—	—	—	—	—	—	—	—
Other	0.3	(0.2)	0.5	250.0%	0.2	(0.1)	0.3	300.0%
<b>Total Tax Revenue</b>	<b>995.2</b>	<b>877.8</b>	<b>117.4</b>	<b>13.4%</b>	<b>2,383.6</b>	<b>2,200.2</b>	<b>183.4</b>	<b>8.3%</b>
<b>Non-Tax Revenue:</b>								
Treasurer's Investments	21.7	18.8	2.9	15.4%	60.9	55.0	5.9	10.7%
Judicial Fees	9.2	7.7	1.5	19.5%	26.7	24.3	2.4	9.9%
Insurance	4.8	4.6	0.2	4.3%	5.0	4.7	0.3	6.4%
Disproportionate Share	—	—	—	—	—	—	—	—
Highway Fund Transfer In	3.0	2.9	0.1	3.4%	3.0	2.9	0.1	3.4%
Highway Trust Fund Transfer In	—	—	—	—	170.0	170.0	—	—
Other	3.3	3.5	(0.2)	(5.7)%	14.3	17.3	(3.0)	(17.3)%
<b>Total Non-Tax Revenue</b>	<b>42.0</b>	<b>37.5</b>	<b>4.5</b>	<b>12.0%</b>	<b>279.9</b>	<b>274.2</b>	<b>5.7</b>	<b>2.1%</b>
<b>Total Tax and Non-Tax Revenue</b>	<b>\$1,037.2</b>	<b>\$ 915.3</b>	<b>\$ 121.9</b>	<b>13.3%</b>	<b>\$ 2,663.5</b>	<b>\$ 2,474.4</b>	<b>\$ 189.1</b>	<b>7.6%</b>

Note that the table represents net tax and non-tax collections and not gross collections. When compared to the prior year through September 30, actual tax and non-tax revenues increased by \$189.1 million, or 7.6%. The net, or actual, tax and non-tax revenues through September 1997 of \$2,663.5 million were greater than the projected revenues by \$34.2 million, or 1.3%. Major components of tax and non-tax revenues that increased from the prior year through the end of September 1997 included:

- \$142.3 million for Individual Income Tax;
- \$44.7 million for Sales and Use Tax (All references to Sales and Use Tax in schedules, narrative, and graphs, reflect an *estimate for the current month reserve*); and
- \$5.9 million for Treasurer's Investments.

# STATE OF NORTH CAROLINA

## SUMMARY OF FINANCIAL CONDITION

September 30, 1997

### GENERAL FUND NET TAX AND NON-TAX REVENUES AND TRANSFERS IN BUDGET VS. ACTUAL

(Expressed In Millions)

	Current Month				Year-To-Date			
	Projected Monthly Budget	Actual	Variance	Percent Realized	Projected Monthly Budget	Actual	Variance	Percent Realized
<b>Tax Revenue</b>								
Individual Income [1]	\$ 537.9	\$ 526.7	\$ (11.2)	97.9%	\$ 1,241.1	\$ 1,256.0	\$ 14.9	101.2%
Corporate Income [2]	124.1	114.8	(9.3)	92.5%	125.1	115.9	(9.2)	92.6%
Sales and Use	271.1	289.0	17.9	106.6%	801.1	820.9	19.8	102.5%
Franchise	9.0	29.1	20.1	323.3%	77.1	72.4	(4.7)	93.9%
Insurance	0.8	0.9	0.1	112.5%	3.1	3.5	0.4	112.9%
Beverage	15.0	15.0	—	100.0%	39.0	39.1	0.1	100.3%
Inheritance	11.5	10.9	(0.6)	94.8%	34.3	33.4	(0.9)	97.4%
Soft Drink	2.0	2.1	0.1	105.0%	6.7	7.1	0.4	106.0%
Privilege License	1.1	0.6	(0.5)	54.5%	7.9	9.7	1.8	122.8%
Tobacco Products	3.9	4.0	0.1	102.6%	11.6	12.4	0.8	106.9%
Real Estate Conveyance Excise	—	—	—	—	—	7.1	7.1	—
Intangibles	—	—	—	—	—	—	—	—
Gift	0.1	0.4	0.3	400.0%	0.5	0.9	0.4	180.0%
White Goods Disposal	0.6	0.6	—	100.0%	2.4	2.4	—	100.0%
Scrap Tire Disposal	0.8	0.8	—	100.0%	2.6	2.6	—	100.0%
Freight Car Lines	—	—	—	—	—	—	—	—
Other	—	0.3	0.3	—	—	0.2	0.2	—
<b>Total Tax Revenue</b>	<u>977.9</u>	<u>995.2</u>	<u>17.3</u>	101.8%	<u>2,352.5</u>	<u>2,383.6</u>	<u>31.1</u>	101.3%
<b>Non-Tax Revenue</b>								
Treasurer's Investments	19.9	21.7	1.8	109.0%	58.1	60.9	2.8	104.8%
Judicial Fees	9.9	9.2	(0.7)	92.9%	26.9	26.7	(0.2)	99.3%
Insurance	5.1	4.8	(0.3)	94.1%	5.3	5.0	(0.3)	94.3%
Highway Fund Transfer In	3.1	3.0	(0.1)	96.8%	3.1	3.0	(0.1)	96.8%
Highway Trust Fund Transfer In	—	—	—	—	170.0	170.0	—	100.0%
Other	6.2	3.3	(2.9)	53.2%	18.4	14.3	(4.1)	77.7%
<b>Total Non-Tax Revenue</b>	<u>44.2</u>	<u>42.0</u>	<u>(2.2)</u>	95.0%	<u>281.8</u>	<u>279.9</u>	<u>(1.9)</u>	99.3%
<b>Total Tax and Non-Tax Revenue</b>	<u>\$ 1,022.1</u>	<u>\$ 1,037.2</u>	<u>\$ 15.1</u>	101.5%	<u>\$ 2,634.3</u>	<u>\$ 2,663.5</u>	<u>\$ 29.2</u>	101.1%

#### [1] Individual Income Tax collections are reported net of the following transfer(s) :

	1997-98		1996-97	
	Current Month	Year-To-Date	Current Month	Year-To-Date
Individual Income Tax, Reported Net	\$ 526.7	\$ 1,256.0	\$ 450.5	\$ 1,113.7
Local Government Tax Reimbursement	—	129.0	—	129.0
Individual Income Tax, Adjusted for Transfers	<u>\$ 526.7</u>	<u>\$ 1,385.0</u>	<u>\$ 450.5</u>	<u>\$ 1,242.7</u>

#### [2] Corporate Income Tax collections are reported net of the following transfer(s) :

	1997-98		1996-97	
	Current Month	Year-To-Date	Current Month	Year-To-Date
Corporate Income Tax, Reported Net	\$ 114.8	\$ 115.9	\$ 110.8	\$ 112.9
Public School Building Capital Fund	—	23.4	—	19.0
Critical School Facility Needs Fund	—	2.5	—	2.5
Local Government Tax Reimbursement	95.1	101.5	95.1	101.5
	<u>95.1</u>	<u>127.4</u>	<u>95.1</u>	<u>123.0</u>
Corporate Income Tax, Adjusted for Transfers	<u>\$ 209.9</u>	<u>\$ 243.3</u>	<u>\$ 205.9</u>	<u>\$ 235.9</u>

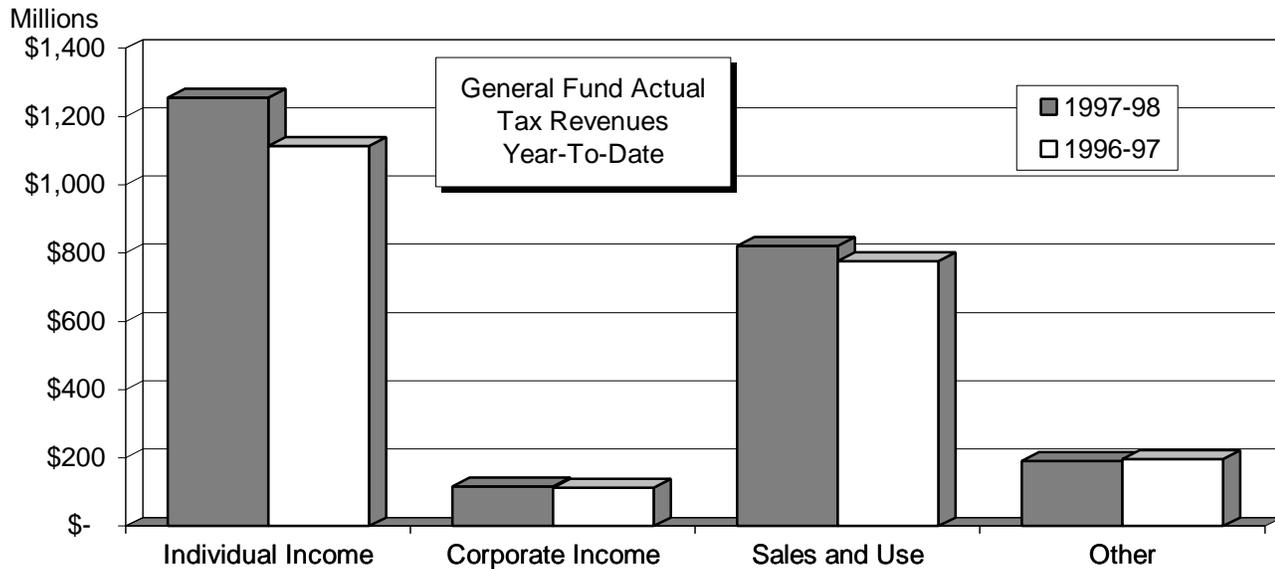
# STATE OF NORTH CAROLINA

## SUMMARY OF FINANCIAL CONDITION

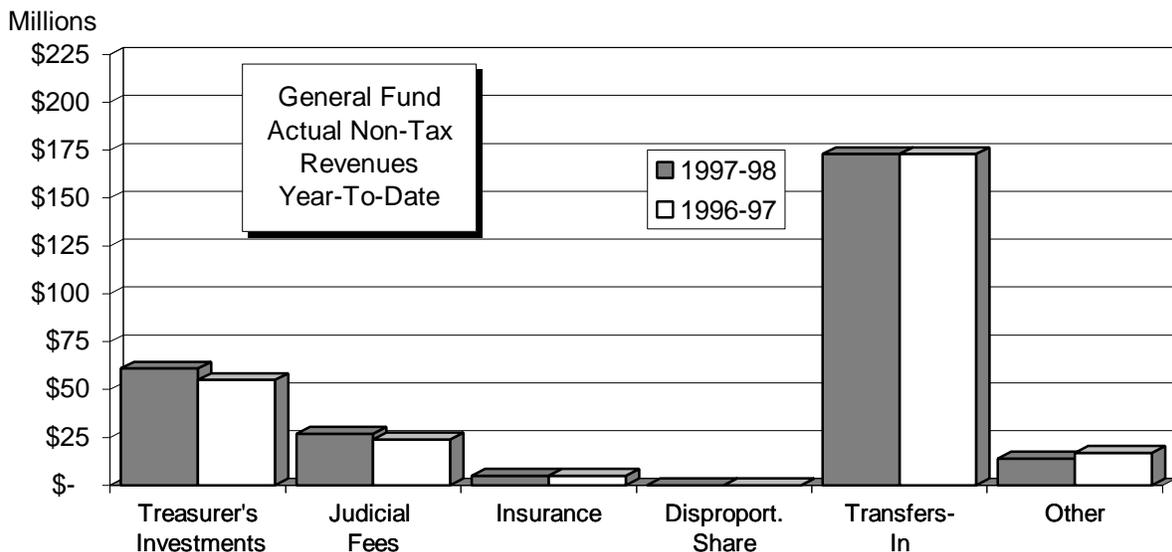
September 30, 1997

Tax revenues through **September 1997** were **greater** than the period through **September 1996** tax revenues by **\$183.4 million, or 8.3%**. Tax revenues are presented net of refunds to taxpayers and various transfers. Comparisons of current and prior year tax revenues are difficult due to legislative changes and netting of various transfer expenditures against the tax revenue sources. Examples of such transfers include:

- reimbursements to local governments;
- reimbursements for costs of administration of sales and use tax for local governments; and
- transfers to the Public School Building Capital Fund and Critical School Facility Needs Fund.



Non-tax revenue through the end of **September 1997** was **\$5.7 million or 2.1%** greater than through the end of **September 1996**. **Investment earnings increased through September over the previous year by \$5.9 million, or a 10.7% increase.**



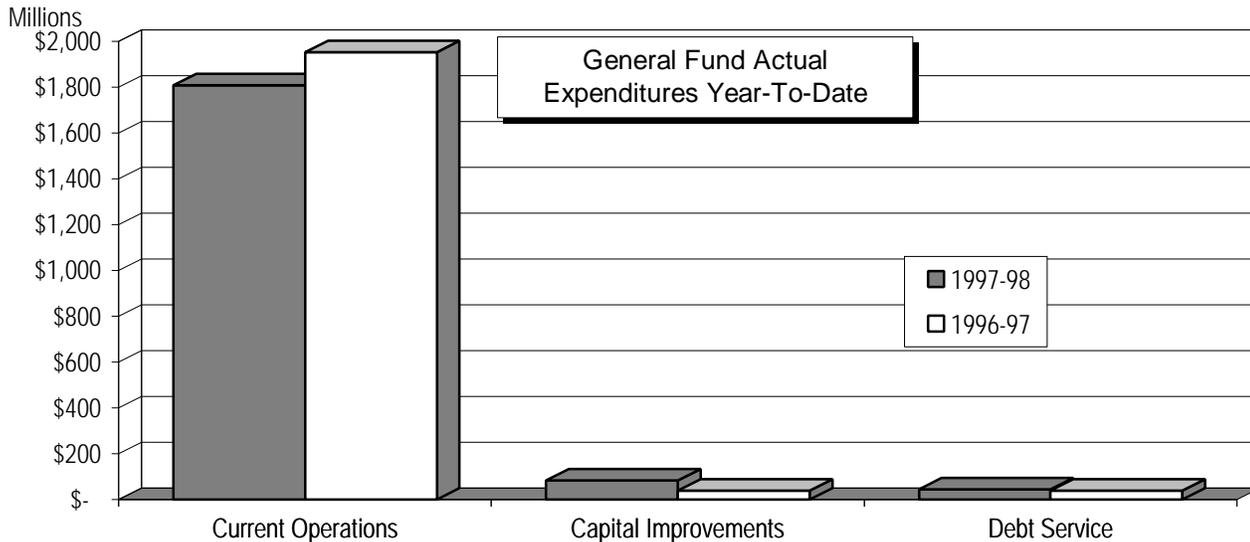
# STATE OF NORTH CAROLINA

## SUMMARY OF FINANCIAL CONDITION

September 30, 1997

### Expenditures

Actual appropriation expenditures through September 30, 1997, exclusive of appropriation expenditures for capital improvements funded by bond proceeds, were less than actual appropriation expenditures through September 1996 by \$94.8 million, or 4.7%.



Expenditures for current operations (exclusive of expenditures for capital improvements and debt service) through September 1997 were less than such expenditures through September 1996 by \$143.2 million, or 7.3%.

### General Fund Actual Appropriation Expenditures – Year-To-Date

Expressed in Millions

	1997-98	1996-97	Change	Percent Change	Percent of Total Expenditures	
					1997-98	1996-97
<b>Current Operations:</b>						
General Government [1]	\$ (79.9)	\$ 4.4	\$ (84.3)	(1915.9%)	(4.1%)	0.2%
Education	1,133.6	1,042.3	91.3	8.8%	58.6%	51.4%
Human Resources	402.4	557.5	(155.1)	(27.8%)	20.8%	27.5%
Economic Development	14.6	16.7	(2.1)	(12.6%)	0.8%	0.8%
Environment, Health and Natural Resources	40.0	55.6	(15.6)	(28.1%)	2.1%	2.7%
Public Safety, Correction, and Regulation	289.0	264.8	24.2	9.1%	14.9%	13.0%
Agriculture	11.3	10.7	0.6	5.6%	0.6%	0.5%
Operating Reserves/Rounding	(1.9)	0.3	(2.2)	(733.3%)	(0.1%)	–
<b>Total Current Operations</b>	<b>1,809.1</b>	<b>1,952.3</b>	<b>(143.2)</b>	<b>(7.3%)</b>	<b>93.5%</b>	<b>96.2%</b>
<b>Capital Improvements:</b>						
Funded by General Fund	81.8	39.3	42.5	108.1%	4.2%	1.9%
<b>Debt Service</b>	<b>44.0</b>	<b>38.1</b>	<b>5.9</b>	<b>15.5%</b>	<b>2.3%</b>	<b>1.9%</b>
	<b>1,934.9</b>	<b>2,029.7</b>	<b>(94.8)</b>	<b>(4.7%)</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Capital Improvements:</b>						
Funded by Bond Proceeds	–	–	–	–	–	–
<b>Total Expenditures</b>	<b>\$ 1,934.9</b>	<b>\$ 2,029.7</b>	<b>\$ (94.8)</b>	<b>(4.7%)</b>	<b>100.0%</b>	<b>100.0%</b>

[1] General Government expenditures reflect a carryforward from FY 1996-97 of a transfer-in for disaster relief(\$115 million) from unreserved fund balance.

# STATE OF NORTH CAROLINA

## SUMMARY OF FINANCIAL CONDITION

September 30, 1997

### General Obligation Debt - General Fund and Highway Fund

The following schedule presents principal payment requirements for the General Fund and the Highway Fund. In addition to principal payments, interest payments for 1997-98 are expected to be \$74.4 million for the General Fund. This schedule is exclusive of defeased debt involving advance refundings where the proceeds were placed in an irrevocable trust with an escrow agent in an amount sufficient to provide for all future debt service payments on the refunded bonds.

In November 1996, the voters of North Carolina approved bonds in the amount of \$1.8 billion for school construction and \$950 million for highway construction.

The amount of authorized, but unissued bonds was \$2.3 billion as of September 30, 1997. On January 15, 1997, \$195 million of general obligation bonds were issued. These bonds were issued at rates ranging from 4.8% to 5.1% with a final maturity of June 1, 2016. These bonds are authorized for capital improvements for the constituent and affiliated institutions of the University of North Carolina, grants to individual community colleges to finance the cost of capital improvements, and capital improvements in the form of repairs, renovations, new construction, and land acquisition for existing State parks and recreation areas.

The first bond issue, related to the \$1.8 billion of school construction bonds which were approved in November 1996, was sold during March 1997 in the amount of \$450 million. These bonds were issued at rates ranging from 5.1% to 5.2% with a final maturity of March 1, 2016.

The first bond issue related to highway construction is scheduled to be issued in November 1997 in the amount of \$250 million. The proceeds of this bond issue will be used to pay the capital costs of urban loops, intrastate system projects, and State secondary road projects.

The adjacent schedule includes only bonds issued through September 30, 1997.

SCHEDULE OF BOND PRINCIPAL PAYMENT REQUIREMENTS GENERAL OBLIGATION BONDS ( Expressed in Thousands )			
	Payable from:		Total Principal Requirements
	General Fund Revenues	Highway Fund Revenues	
<b>1997-98 Requirements:</b>			
August 1997.....	\$ 18,475	\$ —	\$ 18,475
December 1997.....	3,000	—	3,000
February 1998.....	7,000	—	7,000
March 1998.....	23,565	—	23,565
April 1998.....	6,200	—	6,200
May 1998.....	9,910	—	9,910
June 1998.....	23,435	—	23,435
<b>Totals—1997-98.....</b>	<b>91,585</b>	<b>—</b>	<b>91,585</b>
<b>Future Years' Requirements:</b>			
1999.....	91,695	—	91,695
2000.....	91,590	—	91,590
2001.....	91,600	—	91,600
2002.....	91,680	—	91,680
2003.....	91,710	—	91,710
2004.....	91,600	—	91,600
2005.....	91,995	—	91,995
2006.....	91,885	—	91,885
2007.....	91,770	—	91,770
2008.....	91,855	—	91,855
2009.....	85,735	—	85,735
2010.....	77,000	—	77,000
2011.....	77,000	—	77,000
2012.....	77,000	—	77,000
2013.....	69,500	—	69,500
2014.....	49,000	—	49,000
2015.....	49,000	—	49,000
2016.....	26,000	—	26,000
2016.....	3,000	—	3,000
2017.....	—	—	—
<b>Totals—All Years.....</b>	<b>\$ 1,522,200</b>	<b>\$ —</b>	<b>\$ 1,522,200</b>
Less			
Unamortized Discount..	(7,723)	—	(7,723)
<b>Total Principal, Net.....</b>	<b>\$ 1,514,477</b>	<b>\$ —</b>	<b>\$ 1,514,477</b>

# STATE OF NORTH CAROLINA

## SUMMARY OF FINANCIAL CONDITION

September 30, 1997

### Summary Information - Highway Fund and Highway Trust Fund

<b>HIGHWAY FUND AND HIGHWAY TRUST FUND</b>								
<b>COMPARATIVE STATEMENT OF NET COLLECTIONS</b>								
For the Months of September 1997 and 1996, and the Three Months Ended September 30, 1997 and 1996								
(Expressed in Millions)								
	Month				Year-To-Date			
	1997-98	1996-97	Change	Percent Change	1997-98	1996-97	Change	Percent Change
<b>Highway Fund</b>								
Motor Fuels Tax	\$ 64.7	\$ 62.6	\$ 2.1	3.4%	\$ 197.3	\$ 186.4	\$ 10.9	5.8%
Motor Vehicle License Fees	13.3	11.2	2.1	18.8%	40.5	38.0	2.5	6.6%
Driver License Fees	5.6	5.1	0.5	9.8%	17.2	17.9	(0.7)	(3.9%)
Motor Fuels and Oil Inspection Fees	1.0	1.0	-	-	3.0	3.0	-	-
Title Fee	-	-	-	-	-	-	-	-
Other	1.9	1.8	0.1	5.6%	5.7	5.8	(0.1)	(1.7%)
<b>Subtotal - Highway Fund</b>	<b>86.5</b>	<b>81.7</b>	<b>4.8</b>	<b>5.9%</b>	<b>263.7</b>	<b>251.1</b>	<b>12.6</b>	<b>5.0%</b>
<b>Highway Trust Fund</b>								
Highway Use Tax	37.2	29.7	7.5	25.3%	105.8	92.5	13.3	14.4%
Motor Fuels Tax	21.6	20.5	1.1	5.4%	65.8	61.5	4.3	7.0%
Title Fee	6.6	4.6	2.0	43.5%	19.3	16.5	2.8	17.0%
Motor Vehicle Lease	2.5	2.4	0.1	4.2%	8.3	6.9	1.4	20.3%
Registration	0.9	0.8	0.1	12.5%	2.5	2.6	(0.1)	(3.8%)
Lien Recording	0.2	0.3	(0.1)	(33.3%)	0.6	0.7	(0.1)	(14.3%)
<b>Subtotal - Highway Trust Fund</b>	<b>69.0</b>	<b>58.3</b>	<b>10.7</b>	<b>18.4%</b>	<b>202.3</b>	<b>180.7</b>	<b>21.6</b>	<b>12.0%</b>
<b>Payables and Receipts</b>								
Special Registration Plate Fund	0.2	0.2	-	-	0.6	0.6	-	-
Safety Inspection and Exhaust Emission	0.2	0.2	-	-	0.6	0.6	-	-
Transportation Authority/TransPark	0.6	0.5	0.1	20.0%	1.8	1.7	0.1	5.9%
Recreation and Natural Heritage Trust Fund	0.2	0.2	-	-	0.5	0.5	-	-
Other Receipts	0.3	0.1	0.2	200.0%	1.9	1.2	0.7	58.3%
<b>Subtotal - Payables and Receipts</b>	<b>1.5</b>	<b>1.2</b>	<b>0.3</b>	<b>25.0%</b>	<b>5.4</b>	<b>4.6</b>	<b>0.8</b>	<b>17.4%</b>
	<b>\$ 157.0</b>	<b>\$ 141.2</b>	<b>\$ 15.8</b>	<b>11.2%</b>	<b>\$ 471.4</b>	<b>\$ 436.4</b>	<b>\$ 35.0</b>	<b>8.0%</b>