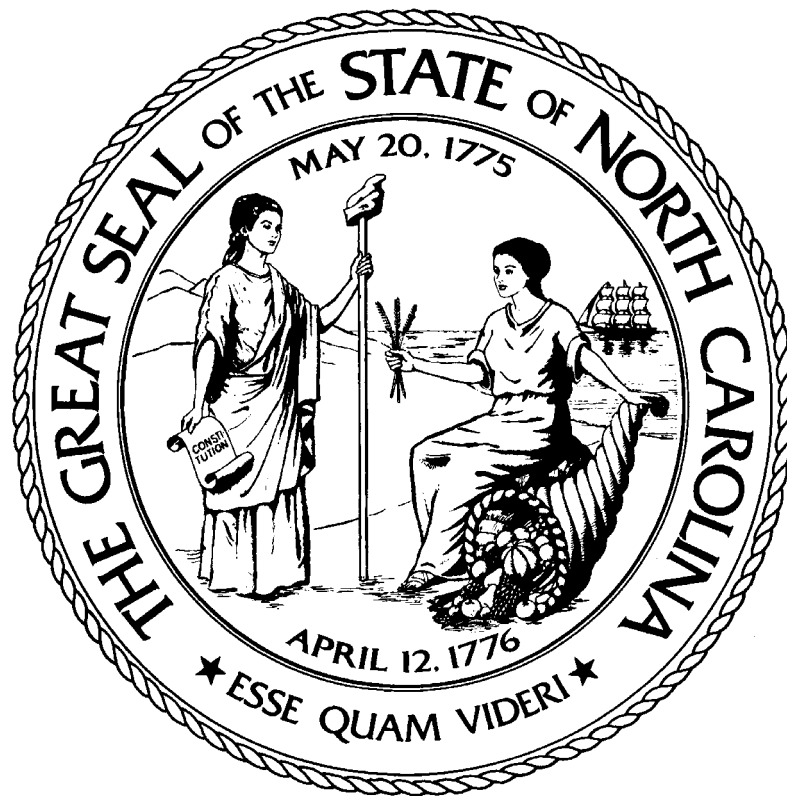


STATE OF  
***NORTH CAROLINA***

*SUMMARY OF FINANCIAL CONDITION*  
*APRIL 30, 2005*

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OFFICE OF THE STATE CONTROLLER

# STATE OF NORTH CAROLINA



The Honorable Michael F. Easley  
Governor of the State of North Carolina

May 13, 2005

We herewith submit the *Summary of Financial Condition* for the State of North Carolina for the ten months ended April 30, 2005. The financial information (*unaudited*) within this report is designed to present the results of financial operations under the budgetary basis of accounting at a summary level.

The *Summary of Financial Condition* is intended to provide specific analysis of revenues and expenditures, and serve to point out particular areas of strength, as well as areas where unusual one-time transactions, changes in accounting, or changes in procedure may result in misleading interpretations by a casual reader.

Please contact us if you have questions or if you would like more detailed information. We are committed to providing you and the State with the most reliable and timely financial and economic information possible.

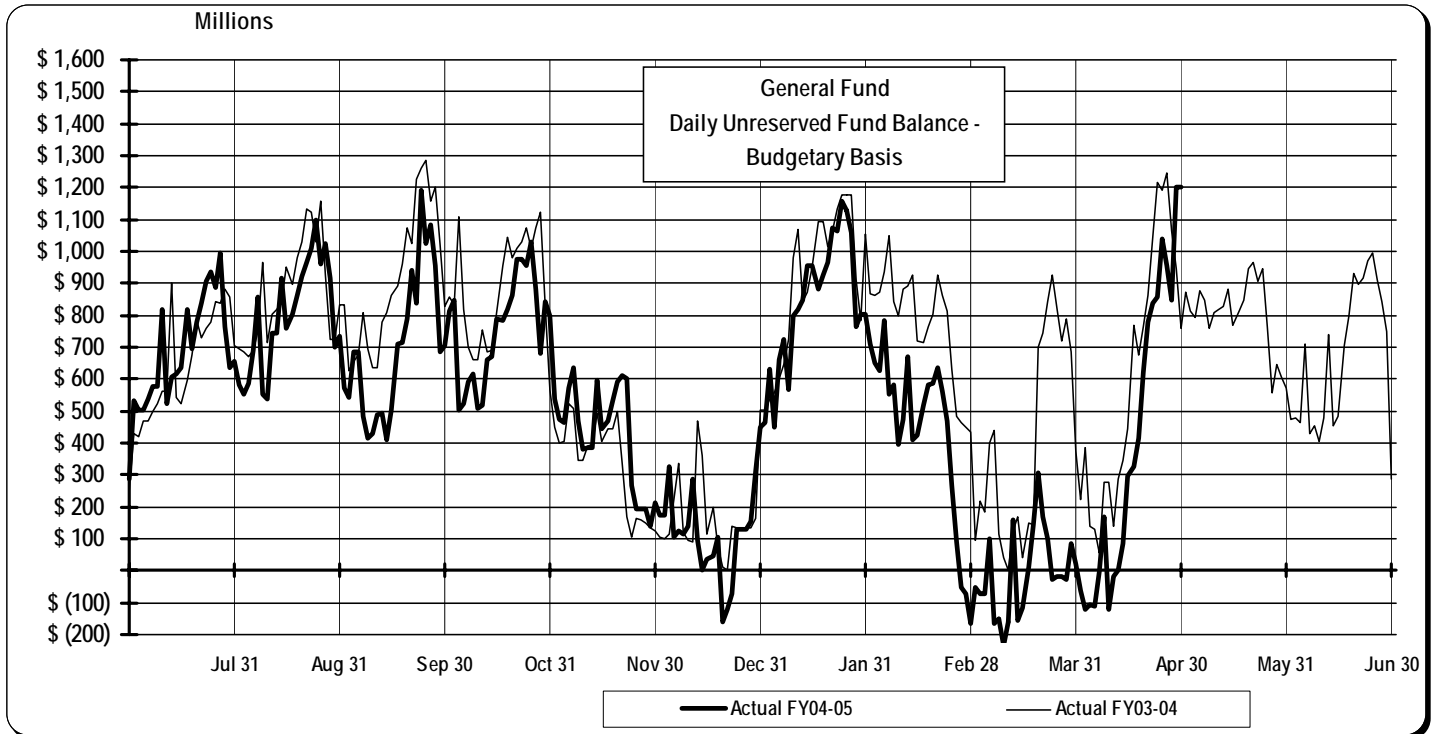
Sincerely,  
Robert L. Powell  
State Controller  
(919) 981-5454

# STATE OF NORTH CAROLINA

## SUMMARY OF FINANCIAL CONDITION

April 30, 2005

### Fund Balance



At April 30, 2005 and 2004, the reserved and unreserved fund balance was composed of the following (in millions):

<b>Fund Balance:</b>	<b><u>2004-05</u></b>	<b><u>2003-04</u></b>
<b><u>Reserved:</u></b>		
Savings account (G.S. 143-15.3).....	\$ 113.5	\$ 150.4
Job Development Incentive Grants.....	5.4	—
Section 401(b) Federal.....	—	—
Retirees' Health Premiums.....	—	47.1
Repairs and Renovations (G.S. 143-15.3A).....	—	15.0
Disproportionate Share.....	1.5	1.5
Disaster relief.....	215.1	9.1
One NC Fund.....	1.1	1.5
Budgetary Shortfall Funds.....	—	11.7
Total Reserved.....	<u>336.6</u>	<u>236.3</u>
<b><u>Unreserved:</u></b>		
Fund Balance - July 1.....	289.4	250.5
Transfer from reserves.....	—	273.7
Transfer to reserves.....	(3.8)	(136.9)
Excess of revenue over (under) expenditures.....	921.1	752.2
Total Unreserved.....	<u>1,206.7</u>	<u>1,139.5</u>
Total Fund Balance.....	<u>\$ 1,543.3</u>	<u>\$ 1,375.8</u>

The Office of State Budget and Management directed the release of One NC reserve funds in May 2004 to provide financial assistance to those businesses or industries deemed by the Governor to be vital to a healthy and growing State economy.

# STATE OF NORTH CAROLINA

## SUMMARY OF FINANCIAL CONDITION

April 30, 2005

### Revenues - Tax and Non-Tax

## State of North Carolina General Fund Actual Net Revenues

Expressed In Millions

	April				Year-To-Date Through April			
	2004-05	2003-04	Change	% Change	2004-05	2003-04	Change	% Change
<b>Tax Revenues:</b>								
Individual Income	\$ 1,409.5	\$ 1,014.9	\$ 394.6	38.9%	\$ 7,099.1	\$ 6,384.9	\$ 714.2	11.2%
Corporate Income	226.7	105.8	120.9	114.3%	972.8	627.0	345.8	55.2%
Sales and Use	413.9	360.3	53.6	14.9%	3,700.8	3,544.7	156.1	4.4%
Franchise	41.7	35.9	5.8	16.2%	453.4	422.2	31.2	7.4%
Insurance	135.9	113.3	22.6	19.9%	299.0	284.8	14.2	5.0%
Piped Natural Gas	8.3	7.1	1.2	16.9%	39.2	43.9	(4.7)	(10.7)%
Beverage	11.3	10.6	0.7	6.6%	151.6	145.7	5.9	4.0%
Inheritance	5.7	7.3	(1.6)	(21.9)%	117.2	104.4	12.8	12.3%
Privilege License	5.4	5.7	(0.3)	(5.3)%	37.0	33.5	3.5	10.4%
Tobacco Products	3.9	4.2	(0.3)	(7.1)%	35.9	36.3	(0.4)	(1.1)%
Real Estate Conveyance Excise	1.4	1.0	0.4	40.0%	5.2	4.2	1.0	23.8%
Gift	12.9	11.8	1.1	9.3%	18.1	16.2	1.9	11.7%
White Goods Disposal	0.4	(0.6)	1.0	166.7%	1.5	0.4	1.1	275.0%
Scrap Tire Disposal	1.0	(1.5)	2.5	166.7%	3.9	1.2	2.7	225.0%
Freight Car Lines	0.1	0.3	(0.2)	(66.7)%	0.1	0.3	(0.2)	(66.7)%
Other	—	(0.1)	0.1	100.0%	—	(0.1)	0.1	100.0%
<b>Total Tax Revenue</b>	<b>2,278.1</b>	<b>1,676.0</b>	<b>602.1</b>	<b>35.9%</b>	<b>12,934.8</b>	<b>11,649.6</b>	<b>1,285.2</b>	<b>11.0%</b>
<b>Non-Tax Revenue:</b>								
Treasurer's Investments	3.2	3.9	(0.7)	(17.9)%	57.0	65.6	(8.6)	(13.1)%
Judicial Fees	11.6	11.8	(0.2)	(1.7)%	117.9	114.8	3.1	2.7%
Insurance	20.3	20.0	0.3	1.5%	42.2	41.7	0.5	1.2%
Disproportionate Share	—	—	—	—	100.0	97.1	2.9	3.0%
Highway Fund Transfer In	3.9	4.1	(0.2)	(4.9)%	16.2	15.0	1.2	8.0%
Highway Trust Fund Transfer In	—	—	—	—	181.9	189.3	(7.4)	(3.9)%
Other	73.5	77.7	(4.2)	(5.4)%	176.6	312.9	(136.3)	(43.6)%
<b>Total Non-Tax Revenue</b>	<b>112.5</b>	<b>117.5</b>	<b>(5.0)</b>	<b>(4.3)%</b>	<b>691.8</b>	<b>836.4</b>	<b>(144.6)</b>	<b>(17.3)%</b>
<b>Total Tax and Non-Tax Revenue</b>	<b>\$ 2,390.6</b>	<b>\$ 1,793.5</b>	<b>\$ 597.1</b>	<b>33.3%</b>	<b>\$ 13,626.6</b>	<b>\$ 12,486.0</b>	<b>\$1,140.6</b>	<b>9.1%</b>

Note that the table represents net tax and non-tax collections and not gross collections. When compared to the prior year through April 30, actual tax and non-tax revenues increased by \$1.14 billion, or 9.1%. The substantial decrease in non-tax other revenue is due to a transfer-in of \$108.8 million from reserves to generate additional funds for the 2004 fiscal year that did not occur in fiscal year 2005. The net, or actual, tax and non-tax revenues through April 2005 of \$13.6 billion were more than the projected revenues by \$507.7 million.

Major components of tax and non-tax revenues that increased or decreased from the prior year through the end of April 2005 included:

#### Increase

- \$714.2 million for Individual Tax;
- \$345.8 million for Corporate Income;
- \$156.1 million for Sales and Use Tax and

#### Decrease

- \$136.3 million for Non-tax Other

# STATE OF NORTH CAROLINA

## SUMMARY OF FINANCIAL CONDITION

April 30, 2005

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

For the Month of April 2005, and the Ten Months Ended April 30, 2005  
(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	\$ 1,234.0	\$ 1,409.5	\$ 175.5	114.2%	\$ 6,866.5	\$ 7,099.1	\$ 232.6	103.4%
Corporate Income [1]	125.1	226.7	101.6	181.2%	732.4	972.8	240.4	132.8%
Sales and Use	406.1	413.9	7.8	101.9%	3,608.2	3,700.8	92.6	102.6%
Franchise	37.6	41.7	4.1	110.9%	455.5	453.4	(2.1)	99.5%
Insurance	133.7	135.9	2.2	101.6%	326.6	299.0	(27.6)	91.5%
Beverage	10.6	11.3	0.7	106.6%	151.3	151.6	0.3	100.2%
Inheritance	11.3	5.7	(5.6)	50.4%	113.6	117.2	3.6	103.2%
Privilege License	6.0	5.4	(0.6)	90.0%	34.6	37.0	2.4	106.9%
Tobacco Products	3.8	3.9	0.1	102.6%	37.3	35.9	(1.4)	96.2%
Real Estate Conveyance Excise	1.4	1.4	—	100.0%	5.2	5.2	—	100.0%
Gift	14.1	12.9	(1.2)	91.5%	17.6	18.1	0.5	102.8%
White Goods Disposal	0.4	0.4	—	100.0%	1.5	1.5	—	100.0%
Scrap Tire Disposal	1.0	1.0	—	100.0%	3.9	3.9	—	100.0%
Freight Car Lines	0.1	0.1	—	100.0%	0.1	0.1	—	100.0%
Piped Natural Gas	7.1	8.3	1.2	116.9%	43.8	39.2	(4.6)	89.5%
Other	0.3	—	(0.3)	—	0.3	—	(0.3)	—
<b>Total Tax Revenue</b>	<u>1,992.6</u>	<u>2,278.1</u>	<u>285.5</u>	114.3%	<u>12,398.4</u>	<u>12,934.8</u>	<u>536.4</u>	104.3%
<b>Non-Tax Revenue</b>								
Treasurer's Investments	7.8	3.2	(4.6)	41.0%	69.8	57.0	(12.8)	81.7%
Judicial Fees	11.4	11.6	0.2	101.8%	113.9	117.9	4.0	103.5%
Insurance	9.5	20.3	10.8	213.7%	39.0	42.2	3.2	108.2%
Disproportionate share	—	—	—	—	100.0	100.0	—	100.0%
Highway Fund Transfer In	3.9	3.9	—	100.0%	16.2	16.2	—	100.0%
Highway Trust Fund Transfer In	—	—	—	—	181.9	181.9	—	100.0%
Other	71.2	73.5	2.3	103.2%	199.7	176.6	(23.1)	88.4%
<b>Total Non-Tax Revenue</b>	<u>103.8</u>	<u>112.5</u>	<u>8.7</u>	108.4%	<u>720.5</u>	<u>691.8</u>	<u>(28.7)</u>	96.0%
<b>Total Tax and Non-Tax Revenue</b>	<u>\$ 2,096.4</u>	<u>\$ 2,390.6</u>	<u>\$ 294.2</u>	114.0%	<u>\$13,118.9</u>	<u>\$13,626.6</u>	<u>\$ 507.7</u>	103.9%

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

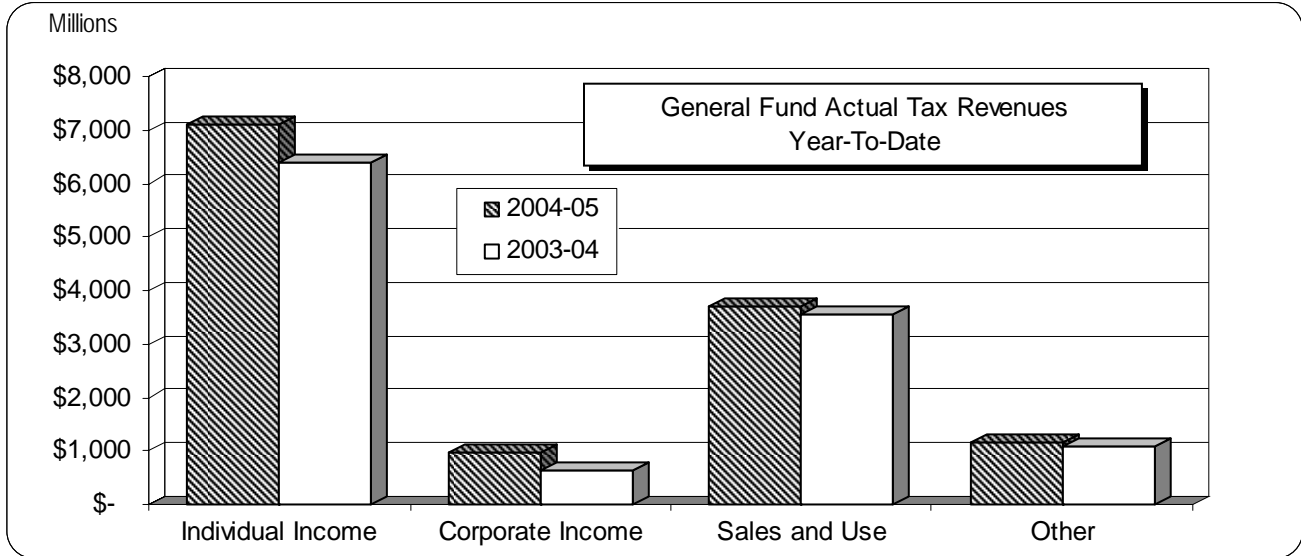
	2004-05		2003-04	
	Current Month	Year-To-Date	Current Month	Year-To-Date
Corporate Income Tax, Reported Net	\$ 226.7	\$ 972.8	\$ 105.8	\$ 627.0
Public School Building Capital Fund	—	52.7	—	44.3
Critical School Facility Needs Fund	—	—	—	2.5
Public School Fund (General Fund receipt to DPI)	—	—	—	—
	<u>—</u>	<u>52.7</u>	<u>—</u>	<u>46.8</u>
Corporate Income Tax, Adjusted for Transfers	<u>\$ 226.7</u>	<u>\$ 1,025.5</u>	<u>\$ 105.8</u>	<u>\$ 673.8</u>

SUMMARY OF FINANCIAL CONDITION

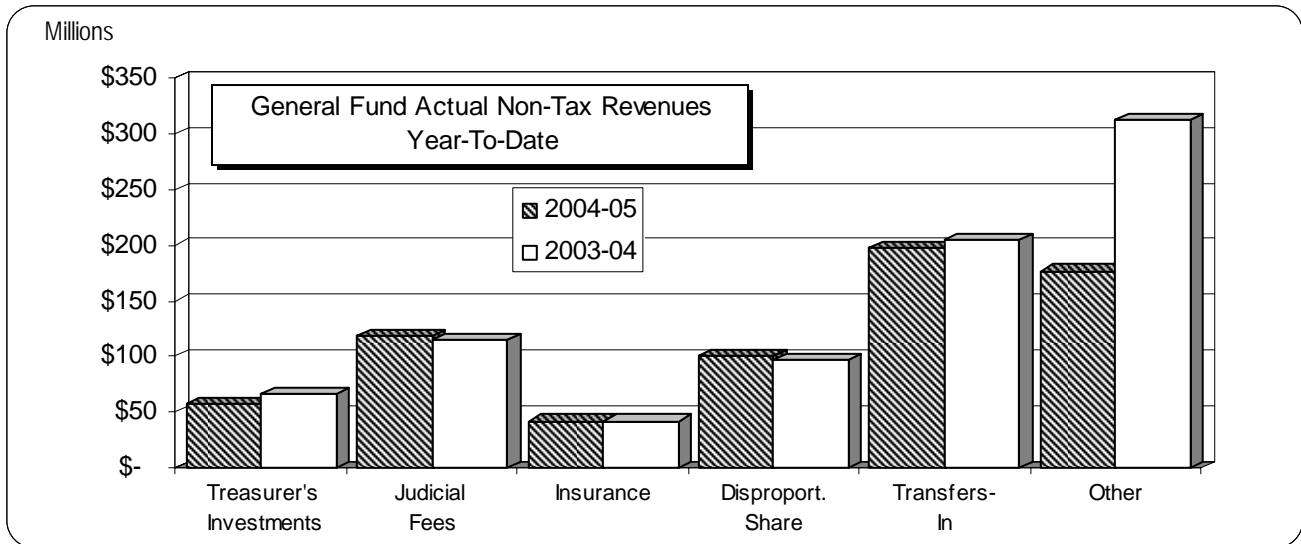
April 30, 2005

Tax revenues through April 2005 were more than the period through April 2004 by \$1.285 billion, or 11.0%. 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 April 2005 was \$144.6 million, or 17.3%, less than through the end of April 2004. The substantial decrease in non-tax other revenue is due to a transfer-in of \$108.8 million from reserves to generate additional funds for the 2004 fiscal year that is not planned for fiscal year 2005. Investment revenues decreased by \$8.6 million from the prior year through the end of April.

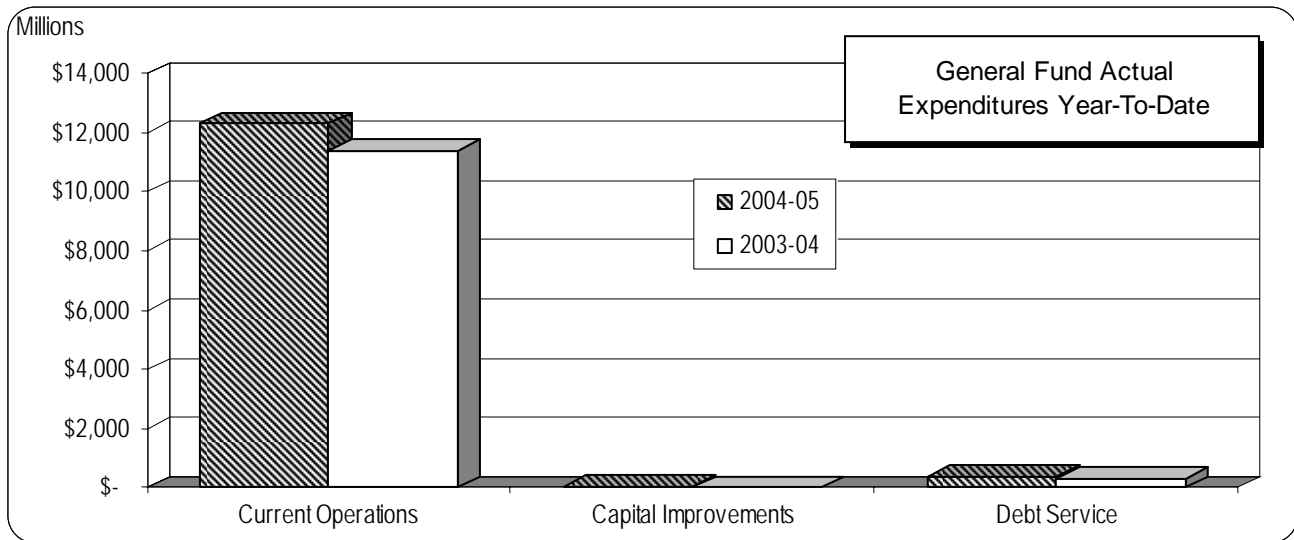


SUMMARY OF FINANCIAL CONDITION

April 30, 2005

**Expenditures**

Actual appropriation expenditures through April 2005 were more than actual appropriation expenditures through April 2004 by \$971.7 million, or 8.3%.



Expenditures for current operations (exclusive of expenditures for capital improvements and debt service) through April 2005 were more than such expenditures through April 2004 by \$900.5 million, or 7.9%.

**State of North Carolina**

**General Fund Actual Appropriation Expenditures — Year-To-Date Through April**

*Expressed in Millions*

	2004-05	2003-04	Change	Percent Change	Percent of Total Expenditures	
					2004-05	2003-04
<b>Current Operations:</b>						
General Government	\$ 247.6	\$ 234.0	\$ 13.6	5.8%	1.9%	2.0%
Education	7,452.8	7,073.4	379.4	5.4%	58.7%	60.3%
Health and Human Services <sub>1</sub>	3,009.3	2,587.6	421.7	16.3%	23.7%	22.1%
Economic Development <sub>2</sub>	59.6	53.2	6.4	12.0%	0.5%	0.5%
Environment and Natural Resources	180.9	181.5	(0.6)	(0.3%)	1.4%	1.5%
Public Safety, Correction, and Regulation	1,290.3	1,205.6	84.7	7.0%	10.2%	10.3%
Agriculture	37.1	35.8	1.3	3.6%	0.3%	0.3%
Operating Reserves/Rounding <sub>3</sub>	18.7	24.7	(6.0)	(24.3%)	0.1%	0.2%
<b>Total Current Operations</b>	<b>12,296.3</b>	<b>11,395.8</b>	<b>900.5</b>	<b>7.9%</b>	<b>96.8%</b>	<b>97.1%</b>
<b>Capital Improvements:</b>						
Funded by General Fund	33.9	13.8	20.1	145.7%	0.3%	0.1%
<b>Debt Service</b>	<b>375.3</b>	<b>324.2</b>	<b>51.1</b>	<b>15.8%</b>	<b>3.0%</b>	<b>2.8%</b>
<b>Total Expenditures</b>	<b>\$ 12,705.5</b>	<b>\$ 11,733.8</b>	<b>\$ 971.7</b>	<b>8.3%</b>	<b>100.0%</b>	<b>100.0%</b>

A negative appropriation expenditure indicates that a budget code has non-appropriated authorized receipts that exceed authorized expenditures.

<sub>1</sub> The substantial variance with prior year appropriation expenditures is due to nursing assessment payments for 2004 paid in 2005.

<sub>2</sub> The substantial variance with prior year appropriation expenditures is due to new grants in fiscal year 2005 to the NC Partnership for Economic Development and the Rural Economic Development Center.

<sub>3</sub> The substantial variance with prior year is due to a \$10 million retirement reimbursement in fiscal year 2004.

# STATE OF NORTH CAROLINA

## SUMMARY OF FINANCIAL CONDITION

April 30, 2005

### 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 April 2005 and 2004, and the Ten Months Ended April 30, 2005 and 2004								
(Expressed in Millions)								
	Month				Year-To-Date			
	2004-05	2003-04	Change	Percent Change	2004-05	2003-04	Change	Percent Change
<b>Highway Fund</b>								
Motor Fuels Tax	\$ 88.7	\$ 80.2	\$ 8.5	10.6%	\$ 788.0	\$ 771.3	\$ 16.7	2.2%
Motor Vehicle License Fees	21.7	19.4	2.3	11.9%	245.1	234.4	10.7	4.6%
Driver License Fees	7.0	7.0	-	-	65.5	62.2	3.3	5.3%
Motor Fuels and Oil Inspection Fees	1.5	1.3	0.2	15.4%	12.8	11.6	1.2	10.3%
Other	4.5	4.3	0.2	4.7%	47.8	41.5	6.3	15.2%
<b>Subtotal - Highway Fund</b>	<b>123.4</b>	<b>112.2</b>	<b>11.2</b>	<b>10.0%</b>	<b>1,159.2</b>	<b>1,121.0</b>	<b>38.2</b>	<b>3.4%</b>
<b>Highway Trust Fund</b>								
Highway Use Tax	45.5	47.5	(2.0)	(4.2%)	456.3	453.7	2.6	0.6%
Motor Fuels Tax	29.5	26.7	2.8	10.5%	263.1	257.5	5.6	2.2%
Title Fee	7.4	7.6	(0.2)	(2.6%)	70.2	69.2	1.0	1.4%
Motor Vehicle Lease	2.2	2.7	(0.5)	(18.5%)	23.7	26.2	(2.5)	(9.5%)
Registration	0.9	0.9	-	-	8.3	8.4	(0.1)	(1.2%)
Lien Recording	0.2	0.2	-	-	1.9	1.8	0.1	5.6%
Repayment Fee	0.1	0.1	-	-	0.7	0.6	0.1	16.7%
<b>Subtotal - Highway Trust Fund</b>	<b>85.8</b>	<b>85.7</b>	<b>0.1</b>	<b>0.1%</b>	<b>824.2</b>	<b>817.4</b>	<b>6.8</b>	<b>0.8%</b>
<b>Payables and Receipts</b>								
Special Registration Plate Fund	0.4	0.3	0.1	33.3%	3.2	2.9	0.3	10.3%
Safety Inspection and Exhaust Emission	0.3	0.3	-	-	3.6	3.2	0.4	12.5%
Transportation Authority/TransPark	0.4	0.5	(0.1)	(20.0%)	4.0	3.9	0.1	2.6%
Recreation and Natural Heritage Trust Fund	0.3	0.3	-	-	3.2	2.5	0.7	28.0%
Other Receipts	1.8	1.6	0.2	12.5%	16.3	11.8	4.5	38.1%
<b>Subtotal - Payables and Receipts</b>	<b>3.2</b>	<b>3.0</b>	<b>0.2</b>	<b>6.7%</b>	<b>30.3</b>	<b>24.3</b>	<b>6.0</b>	<b>24.7%</b>
	<b>\$ 212.4</b>	<b>\$ 200.9</b>	<b>\$ 11.5</b>	<b>5.7%</b>	<b>\$ 2,013.7</b>	<b>\$ 1,962.7</b>	<b>\$ 51.0</b>	<b>2.6%</b>