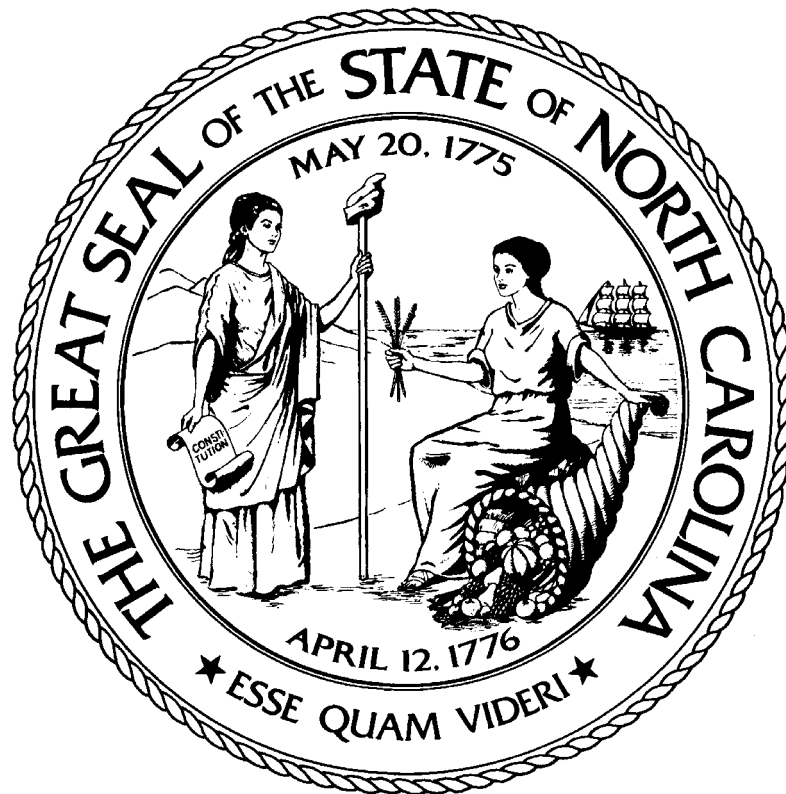


STATE OF
NORTH CAROLINA

GENERAL FUND
MONTHLY FINANCIAL REPORT
AUGUST 31, 2007



OFFICE OF THE STATE CONTROLLER

STATE OF NORTH CAROLINA



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

October 29, 2007

We are pleased to submit the *General Fund Monthly Financial Report* for the two-month period ended August 31, 2007 of the 2008 State fiscal year. Amounts and disclosures made in this report have not been audited.

Pursuant to the State Budget Act, this Report presents the General Fund complete of all general fund activities as defined by *generally accepted accounting principles*, i.e., GAAP, issued by the Governmental Accounting Standards Board. This GAAP presentation of the General Fund represents an accounting change from prior reports which presented General Fund activities on a *budgetary basis* as defined by the Office of State Budget and Management.

To accomplish this change, the activities classified on a budgetary basis in prior year reports as General Fund continue to be included in this report as part of the GAAP based General Fund and are designated as *reverting*. In addition, certain funds classified on a budgetary basis as special revenue funds or trust funds in prior years are included in this report as part of the General Fund, since by GAAP their activities are considered general fund activities, and are designated as *non-reverting*.

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 information possible.

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

STATE OF NORTH CAROLINA

INTRODUCTION

The *General Fund Monthly Financial Report* presents revenues, receipts, appropriated expenditures and disbursements on a cash basis generally in the month when cash is received or cash is disbursed. Departmental budgeted and actual expenditure amounts for *reverting* activities are reported net of budgeted and actual receipts respectively and are referred to herein as *appropriation expenditures*. For *non-reverting* activities, departmental receipts and disbursements are reported gross of any refunds. The Cash Management Control System (CMCS) operated by the Office of the State Controller is the source for the amounts presented in this report.

GENERAL FUND – REVERTING AND NON-REVERTING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCE

AUGUST 31, 2007

Expressed in Millions

Assets		Liabilities and Fund Balance	
Deposits with State Treasurer :		<u>Liabilities</u>	
Reverting	\$ 3,550.3	Sales and Use Taxes Payable	\$ 480.4
Non-Reverting	345.5	Beverage Taxes Payable	8.2
		White Goods Disposal Taxes Payable	—
		Scrap Tire Disposal Taxes Payable	—
		Total Liabilities	<u>\$ 488.6</u>
		<u>Fund Balance</u>	
		Reserved :	
		Savings Reserve Account	\$ 786.6
		Job Development Incentive Grants Reserve	14.5
		Repairs and Renovations Reserve Account	145.0
		Disproportionate Share Reserve	19.3
		Disaster Relief Reserve	110.5
		ONE NC Fund Reserve	1.1
		Non-Reverting Departmental Funds	345.5
		Total Reserved	<u>\$ 1,422.5</u>
		Unreserved :	
		Fund Balance - July 1, 2007	\$ 1,221.2
		Transfer to Reserves	—
		Transfer from Reserves	—
		Excess of Receipts over Disbursements	763.5
		Total Unreserved	<u>\$ 1,984.7</u>
		Total Fund Balance	<u>\$ 3,407.2</u>
Total Assets	<u>\$ 3,895.8</u>	Total Liabilities and Fund Balance	<u>\$ 3,895.8</u>

The schedule above presents the financial condition of the General Fund at month end for the current fiscal year.

GENERAL FUND – REVERTING AND NON-REVERTING RESERVED FUND BALANCE ACTIVITY

AUGUST 31, 2007

Expressed in Millions

General Fund Reserved Fund Balance	Balance July 1, 2007	Transfers from Unreserved	Transfers to Unreserved	Net Receipts/ Disbursements	Balance Aug 31, 2007
Savings Reserve Account.....	\$ 786.6	\$ —	\$ —	\$ —	\$ 786.6
Job Development Investment Grant Reserve.....	16.1	—	—	(1.6)	14.5
Repairs and Renovations Reserve Account.....	145.0	—	—	—	145.0
Disproportionate Share Reserve.....	19.3	—	—	—	19.3
Disaster Relief Reserve.....	114.0	—	—	(3.5)	110.5
One North Carolina Fund Reserve.....	1.1	—	—	—	1.1
Non-Reverting Departmental Funds.....	329.2	—	—	16.3	345.5
Total.....	<u>\$ 1,411.3</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11.2</u>	<u>\$ 1,422.5</u>

The schedule above presents the year-to-date changes in reserves for the current fiscal year.

STATE OF NORTH CAROLINA

GENERAL FUND – REVERTING AND NON-REVERTING RESERVED AND UNRESERVED FUND BALANCE

FISCAL YEAR-TO-DATE AUGUST 31, 2007 AND AUGUST 31, 2006

Expressed in Millions

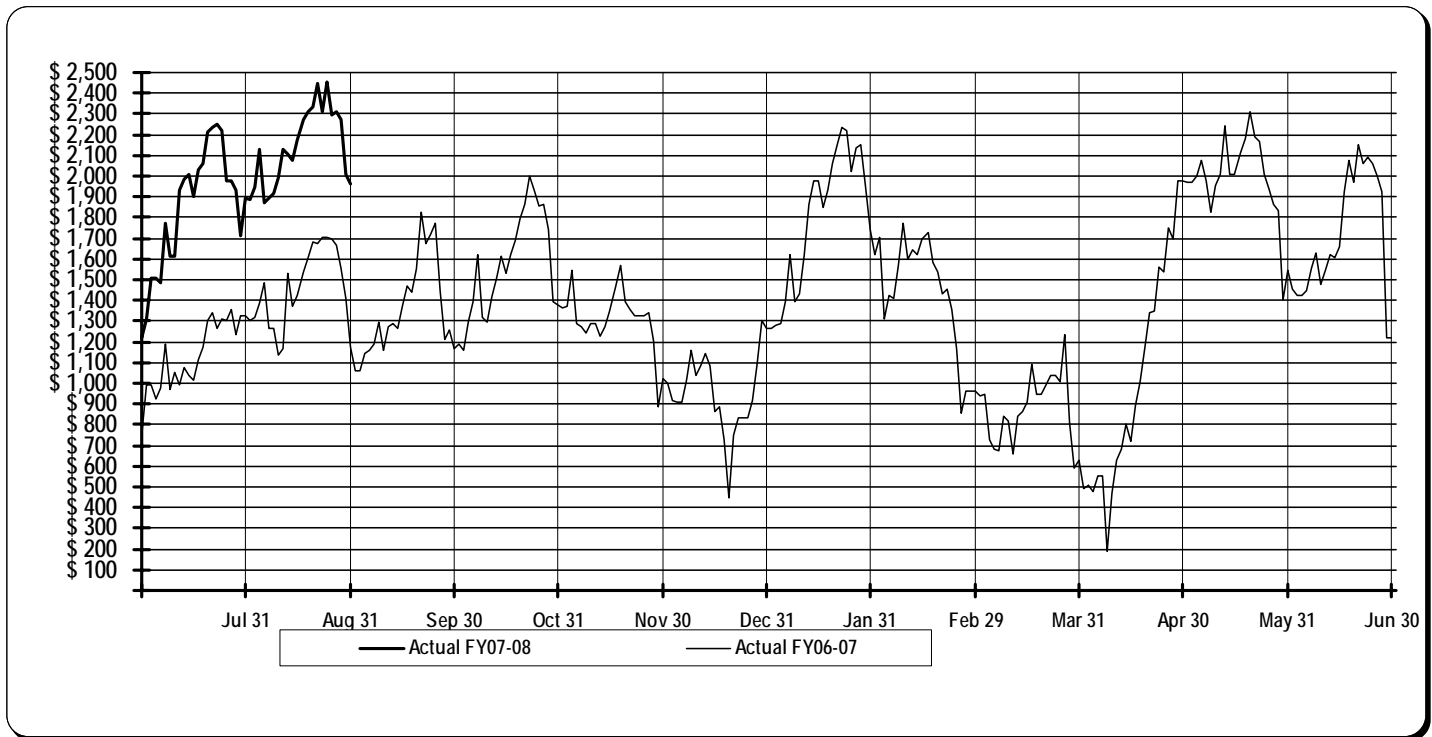
Fund Balance:	2007-08	2006-07	Change	% Change
Reserved:				
Savings Reserve Account.....	\$ 786.6	\$ 628.8	\$ 157.8	25.1%
Job Development Incentive Grants.....	14.5	7.4	7.1	95.9%
Repairs and Renovations Reserve Account.....	145.0	222.2	(77.2)	(34.7)%
Disproportionate Share.....	19.3	19.3	—	—
Disaster Relief.....	110.5	134.4	(23.9)	(17.8)%
One NC Fund.....	1.1	1.1	—	—
Non-reverting Departmental Funds.....	345.5	247.2	98.3	39.8%
Total Reserved.....	\$ 1,422.5	\$ 1,260.4	\$ 162.1	12.9%
Unreserved:				
Fund Balance - July 1.....	\$ 1,221.2	\$ 749.4	\$ 471.8	63.0%
Transfer to Reserves.....	—	—	—	—
Transfer from Reserves.....	—	—	—	—
Excess of Revenues Over (Under) Appropriation Expenditures...	763.5	430.0	333.5	77.6%
Total Unreserved.....	\$ 1,984.7	\$ 1,179.4	\$ 805.3	68.3%
Total Fund Balance.....	\$ 3,407.2	\$ 2,439.8	\$ 967.4	39.7%

The schedule above presents year-to-date reserved and unreserved fund balances for the current and prior fiscal years as well as the increase/decrease from the prior year.

GENERAL FUND – REVERTING UNRESERVED FUND BALANCE

FISCAL YEAR-TO-DATE AUGUST 31, 2007 AND FISCAL YEAR ENDED JUNE 30, 2006

Expressed in Millions



The graph above tracks the daily fluctuation of unreserved fund balance for the current and prior fiscal years.

STATE OF NORTH CAROLINA

GENERAL FUND REVERTING SCHEDULE OF OPERATIONS

FOR THE MONTH OF AUGUST 2007 AND 2006, AND FISCAL YEAR-TO-DATE 2008 AND 2007

Expressed in Millions

	August		Year-To-Date		Budget		Percent of Budget Realized/Expended	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Beg. Unreserved Fund Balance	\$ 1,864.8	\$ 1,326.9	\$1,221.2	\$ 749.4	\$ 1,221.2	\$ 749.4		
Transfer to Reserved Fund Balance	—	—	—	—	—	—		
Nonrecurring Transfers from Other Funds	—	—	—	—	—	—		
Transfer from Reserved Fund Balance	—	—	—	—	—	—		
	<u>\$ 1,864.8</u>	<u>\$ 1,326.9</u>	<u>\$1,221.2</u>	<u>\$ 749.4</u>	<u>\$ 1,221.2</u>	<u>\$ 749.4</u>		
Revenues:								
Tax Revenues:								
Individual Income	\$ 784.2	\$ 735.9	\$1,481.2	\$ 1,369.4	\$10,895.1	\$ 9,635.4	13.6%	14.2%
Corporate Income	(25.8)	(23.0)	1.5	(7.8)	1,095.2	1,052.5	0.1%	(0.7%)
Sales and Use	445.1	437.0	930.8	914.0	5,049.4	5,032.5	18.4%	18.2%
Franchise	40.7	39.1	79.6	80.6	549.0	504.9	14.5%	16.0%
Insurance	1.8	1.8	7.3	7.0	481.9	491.9	1.5%	1.4%
Beverage	21.7	20.5	36.2	34.0	219.7	209.1	16.5%	16.3%
Inheritance	13.5	11.5	23.0	19.9	171.8	139.2	13.4%	14.3%
Privilege License	1.6	2.0	10.8	12.6	48.3	46.0	22.4%	27.4%
Tobacco Products	20.6	19.1	41.3	39.4	238.9	238.2	17.3%	16.5%
Real Estate Conveyance Excise	(1.0)	(2.0)	6.4	6.3	—	—	—	—
Gift	0.2	0.3	0.5	0.6	16.7	17.6	3.0%	3.4%
White Goods Disposal	0.4	0.5	1.0	1.1	—	—	—	—
Scrap Tire Disposal	1.1	1.1	2.5	2.4	—	—	—	—
Freight Car Lines	—	—	—	—	—	0.2	—	—
Piped Natural Gas	2.6	2.5	5.1	5.2	37.0	33.1	13.8%	15.7%
Mill Machinery	3.3	2.8	6.8	5.6	36.5	31.2	18.6%	17.9%
Other	0.1	0.3	—	—	—	0.3	—	—
Total Tax Revenue	<u>\$ 1,310.1</u>	<u>\$ 1,249.4</u>	<u>\$2,634.0</u>	<u>\$ 2,490.3</u>	<u>\$18,839.5</u>	<u>\$17,432.1</u>	14.0%	14.3%
Non-Tax Revenue:								
Treasurer's Investments	\$ 23.2	\$ 16.1	\$ 42.4	\$ 28.9	\$ 212.1	\$ 124.4	20.0%	23.2%
Judicial Fees	16.9	15.6	31.8	29.3	208.1	164.0	15.3%	17.9%
Insurance	1.4	1.4	1.8	1.6	60.3	53.2	3.0%	3.0%
Disproportionate Share	—	—	—	—	100.0	100.0	—	—
Highway Fund Transfer In	—	—	—	—	18.2	—	—	—
Highway Trust Fund Transfer In	47.7	—	47.7	—	172.5	57.5	27.7%	—
Other	7.6	7.6	14.8	12.6	145.0	185.4	10.2%	6.8%
Total Non-Tax Revenue	<u>\$ 96.8</u>	<u>\$ 40.7</u>	<u>\$ 138.5</u>	<u>\$ 72.4</u>	<u>\$ 916.2</u>	<u>\$ 684.5</u>	15.1%	10.6%
Total Tax and Non-Tax Revenue	<u>\$ 1,406.9</u>	<u>\$ 1,290.1</u>	<u>\$2,772.5</u>	<u>\$ 2,562.7</u>	<u>\$19,755.7</u>	<u>\$18,116.6</u>	14.0%	14.1%
Total Availability	<u>\$ 3,271.7</u>	<u>\$ 2,617.0</u>	<u>\$3,993.7</u>	<u>\$ 3,312.1</u>	<u>\$20,976.9</u>	<u>\$18,866.0</u>	19.0%	17.6%
Appropriation Expenditures:								
Current Operations	\$ 1,268.6	\$ 1,422.7	\$2,000.2	\$ 2,121.8	\$19,817.4	\$18,090.9	10.1%	11.7%
Capital Improvements:								
Funded by General Fund	—	—	—	—	230.7	206.3	—	—
Repairs and Renovations	—	—	—	—	—	—	—	—
Debt Service	18.4	14.9	8.8	10.9	610.2	568.8	1.4%	1.9%
Total Appropriation Expenditures	<u>\$ 1,287.0</u>	<u>\$ 1,437.6</u>	<u>\$2,009.0</u>	<u>\$ 2,132.7</u>	<u>\$20,658.3</u>	<u>\$18,866.0</u>	9.7%	11.3%
Unreserved Fund Balance	<u>\$ 1,984.7</u>	<u>\$ 1,179.4</u>	<u>\$1,984.7</u>	<u>\$ 1,179.4</u>	<u>\$ 318.6</u>	<u>\$ —</u>		

Note that the schedule above represents net tax and non-tax collections and not gross collections. Tax revenues are presented net of refunds to taxpayers and various distributions to state and local entities based on legislation. A negative appropriation expenditure indicates that a budget code has actual receipts that exceed actual expenditures.

The schedule above presents monthly and year-to-date General Fund operations for the current and prior fiscal years as well as the annual budget and percent of budget realized or expended.

STATE OF NORTH CAROLINA

GENERAL FUND REVERTING NET TAX AND NONTAX REVENUES

FOR THE MONTH OF AUGUST 2007 AND 2006, AND FISCAL YEAR-TO-DATE 2008 AND 2007

Expressed in Millions

	August				Year-To-Date Through August			
	2007-08	2006-07	Change	% Change	2007-08	2006-07	Change	% Change
Tax Revenues:								
Individual Income	\$ 784.2	\$ 735.9	\$ 48.3	6.6%	\$ 1,481.2	\$ 1,369.4	\$ 111.8	8.2%
Corporate Income	(25.8)	(23.0)	(2.8)	12.2%	1.5	(7.8)	9.3	119.2%
Sales and Use	445.1	437.0	8.1	1.9%	930.8	914.0	16.8	1.8%
Franchise	40.7	39.1	1.6	4.1%	79.6	80.6	(1.0)	(1.2)%
Insurance	1.8	1.8	—	—	7.3	7.0	0.3	4.3%
Piped Natural Gas	2.6	2.5	0.1	4.0%	5.1	5.2	(0.1)	(1.9)%
Beverage	21.7	20.5	1.2	5.9%	36.2	34.0	2.2	6.5%
Inheritance	13.5	11.5	2.0	17.4%	23.0	19.9	3.1	15.6%
Privilege License	1.6	2.0	(0.4)	(20.0)%	10.8	12.6	(1.8)	(14.3)%
Tobacco Products	20.6	19.1	1.5	7.9%	41.3	39.4	1.9	4.8%
Real Estate Conveyance Excise	(1.0)	(2.0)	1.0	50.0%	6.4	6.3	0.1	1.6%
Gift	0.2	0.3	(0.1)	(33.3)%	0.5	0.6	(0.1)	(16.7)%
White Goods Disposal	0.4	0.5	(0.1)	(20.0)%	1.0	1.1	(0.1)	(9.1)%
Scrap Tire Disposal	1.1	1.1	—	—	2.5	2.4	0.1	4.2%
Mill Machinery	3.3	2.8	0.5	17.9%	6.8	5.6	1.2	21.4%
Freight Car Lines	—	—	—	—	—	—	—	—
Other	0.1	0.3	(0.2)	(66.7)%	—	—	—	—
Total Tax Revenue	\$ 1,310.1	\$ 1,249.4	\$ 60.7	4.9%	\$ 2,634.0	\$ 2,490.3	\$ 143.7	5.8%
Non-Tax Revenue:								
Treasurer's Investments	\$ 23.2	\$ 16.1	\$ 7.1	44.1%	\$ 42.4	\$ 28.9	\$ 13.5	46.7%
Judicial Fees	16.9	15.6	1.3	8.3%	31.8	29.3	2.5	8.5%
Insurance	1.4	1.4	—	—	1.8	1.6	0.2	12.5%
Disproportionate Share	—	—	—	—	—	—	—	—
Highway Fund Transfer In	—	—	—	—	—	—	—	—
Highway Trust Fund Transfer In	47.7	—	47.7	—	47.7	—	47.7	—
Other	7.6	7.6	—	—	14.8	12.6	2.2	17.5%
Total Non-Tax Revenue	\$ 96.8	\$ 40.7	\$ 56.1	137.8%	\$ 138.5	\$ 72.4	\$ 66.1	91.3%
Total Tax and Non-Tax Revenue	\$ 1,406.9	\$ 1,290.1	\$ 116.8	9.1%	\$ 2,772.5	\$ 2,562.7	\$ 209.8	8.2%

Note that the schedule above represents net tax and non-tax collections and not gross collections. Tax revenues are presented net of refunds to taxpayers and various distributions to state and local entities based on legislation.

The table above presents monthly and year-to-date tax and non-tax revenues as well as the increase/decrease from the prior year.

When compared to the prior year through August 31, actual net tax and non-tax revenues increased by \$209.8 million, or 8.2%.

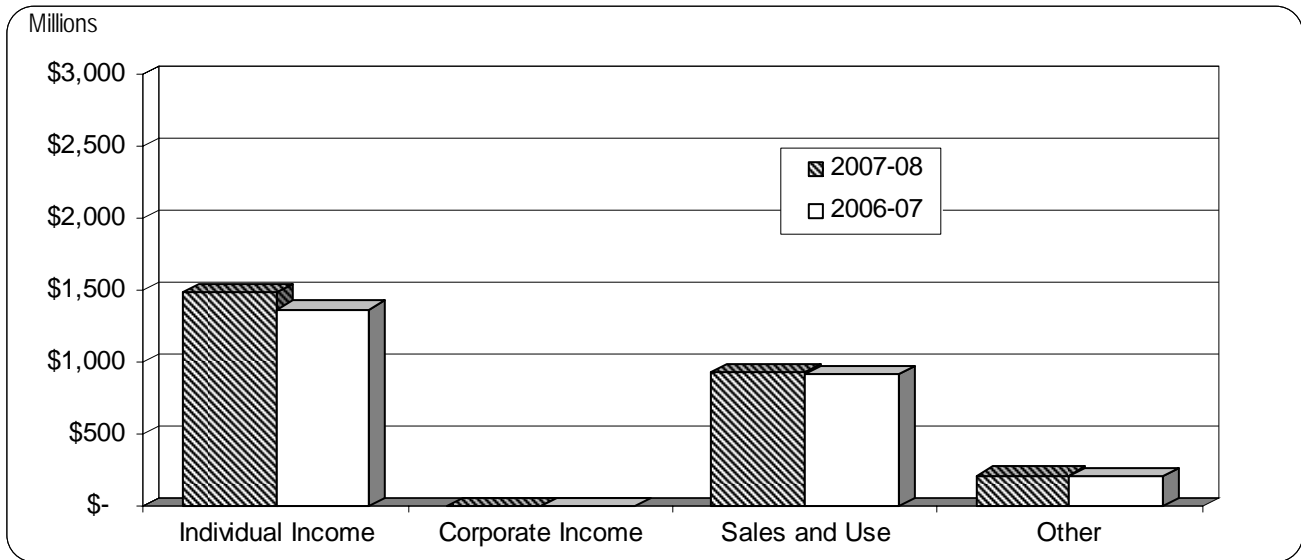
Major components of net tax and non-tax revenues that increased or decreased from the prior year through the end of August 2007 included:

Increase

- \$111.8 million for Individual Income
- \$9.3 million for Corporate Income

**GENERAL FUND – REVERTING
ACTUAL TAX REVENUES**

FISCAL YEAR-TO-DATE AUGUST 31, 2007 AND AUGUST 31, 2006

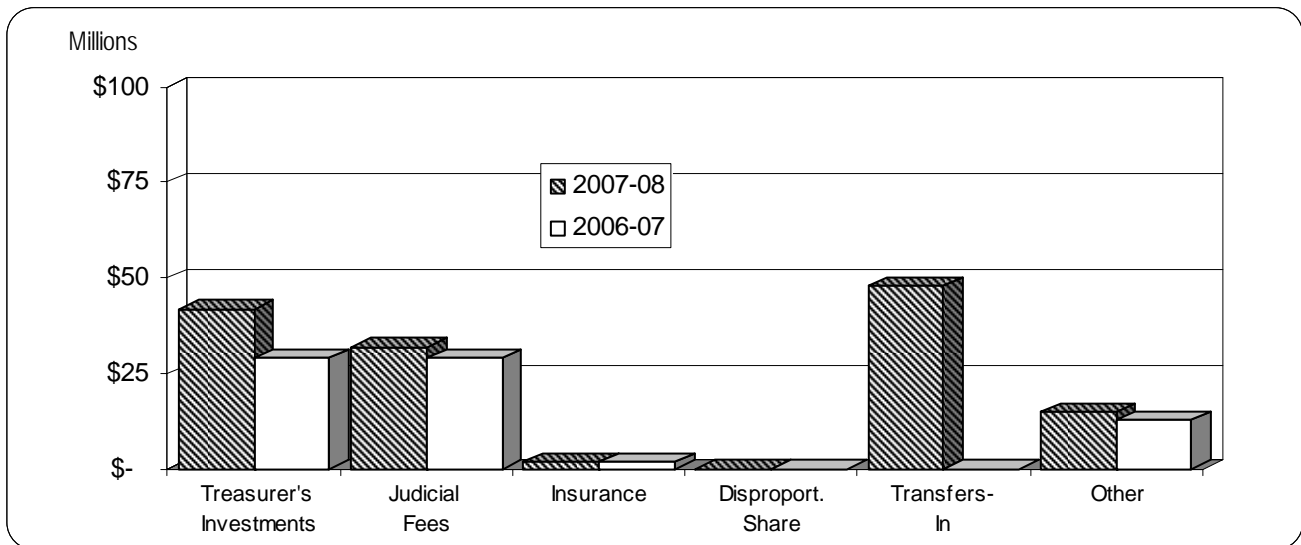


The graph above compares the year-to-date tax revenues for the current and prior fiscal years.

Tax revenues through August 2007 were more than the period through August 2006 by \$143.7 million, or 5.8%.

**GENERAL FUND – REVERTING
ACTUAL NON-TAX REVENUES**

FISCAL YEAR-TO-DATE AUGUST 31, 2007 AND AUGUST 31, 2006



The graph above compares the year-to-date non-tax revenues for the current and prior fiscal years.

Non-tax revenue through the end of August 2007 was \$66.1 million, or 91.3%, more than through the end of August 2006. The substantial increase is due to a \$47.7 million transfer from the Highway Trust Fund. Investment revenues increased by \$13.5 million from the prior year through the end of August.

**GENERAL FUND – REVERTING
APPROPRIATION EXPENDITURES**

FISCAL YEAR-TO-DATE AUGUST 31, 2007 AND AUGUST 31, 2006
Expressed in Millions

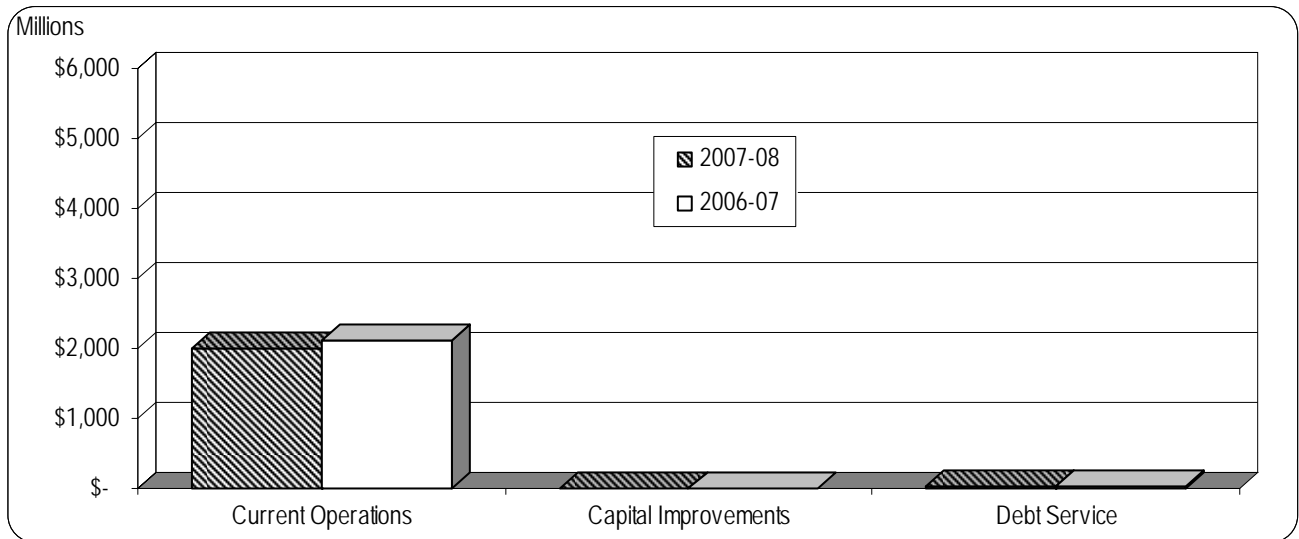
	2007-08	2006-07	Change	Percent Change	Percent of Total Appropriation Expenditures	
					2007-08	2006-07
Current Operations						
General Government	\$ 38.2	\$ 31.2	\$ 7.0	22.4%	1.9%	1.5%
Education	1,171.2	1,245.9	(74.7)	(6.0%)	58.3%	58.4%
Health and Human Services	493.1	506.1	(13.0)	(2.6%)	24.5%	23.7%
Economic Development	(11.4)	(3.7)	(7.7)	208.1%	(0.6%)	(0.2%)
Environment and Natural Resources	41.5	50.6	(9.1)	(18.0%)	2.1%	2.4%
Public Safety, Correction, and Regulation	285.3	282.6	2.7	1.0%	14.2%	13.3%
Agriculture	8.9	9.3	(0.4)	(4.3%)	0.4%	0.4%
Operating Reserves/Rounding	(26.6)	(0.2)	(26.4)	13200.0%	(1.3%)	—
Total Current Operations	\$ 2,000.2	\$ 2,121.8	\$ (121.6)	(5.7%)	99.6%	99.5%
Capital Improvements						
Funded by General Fund	—	—	—	—	—	—
Debt Service	8.8	10.9	(2.1)	(19.3%)	0.4%	0.5%
Total Appropriation Expenditures	\$ 2,009.0	\$ 2,132.7	\$ (123.7)	(5.8%)	100.0%	100.0%

A negative appropriation expenditure indicates that a budget code has actual receipts that exceed actual expenditures.

The schedule above summarizes appropriation expenditures by function for the current and prior fiscal years.

**GENERAL FUND – REVERTING
ACTUAL APPROPRIATION EXPENDITURES**

FISCAL YEAR-TO-DATE AUGUST 31, 2007 AND AUGUST 31, 2006



The graph above compares appropriation expenditures by major category for the current and prior fiscal years.

Actual appropriation expenditures through August 2007 were less than actual appropriation expenditures through August 2006 by \$123.7 million, or 5.8%. Appropriation expenditures for current operations (exclusive of appropriation expenditures for capital improvements and debt service) through August 2007 were less than such appropriation expenditures through August 2006 by \$121.6 million, or 5.7%.

STATE OF NORTH CAROLINA

GENERAL FUND - REVERTING
 APPROPRIATION EXPENDITURES, BUDGET, AND PERCENT EXPENDED

FOR THE MONTH OF AUGUST 2007 AND 2006, AND FISCAL YEAR-TO-DATE 2008 AND 2007

Expressed In Millions

Appropriation Expenditures				Percent of Budget Expended			
August		Year-To-Date		Budget		Year-To-Date	
2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07

A negative appropriation expenditure indicates that a budget code has actual receipts that exceed actual expenditures.
 Budget Code Expenditures minus Budget Code Receipts equal Budget Code Appropriation Expenditures.

Current Operations

General Government

General Assembly	\$ 4.0	\$ 3.5	\$ (4.1)	\$ (3.9)	\$ 56.4	\$ 50.1	(7.3%)	(7.8%)
Governor's Office	0.9	0.6	1.3	1.3	6.5	6.1	20.0%	21.3%
Office of State Budget	0.5	0.4	0.6	0.6	7.0	6.0	8.6%	10.0%
Housing Finance Agency	—	0.4	—	0.8	18.6	22.2	—	3.6%
Lieutenant Governor	0.1	—	0.1	0.1	1.0	0.9	10.0%	11.1%
Secretary of State	0.8	0.8	1.5	0.9	12.0	10.8	12.5%	8.3%
State Auditor	0.8	1.1	1.7	1.7	13.4	12.5	12.7%	13.6%
State Treasurer	2.5	0.9	3.8	2.6	9.8	9.2	38.8%	28.3%
Retirement and Employee Benefits Administration	—	—	0.2	—	9.5	9.2	2.1%	—
Office of the State Controller	5.2	5.5	6.1	8.4	75.4	66.2	8.1%	12.7%
Revenue	1.6	0.9	2.6	1.4	47.9	20.6	5.4%	6.8%
Cultural Resources	10.1	6.0	17.9	12.3	92.2	87.3	19.4%	14.1%
Cultural Resources - Roanoke Island Commission	6.2	5.2	10.5	8.5	76.0	71.3	13.8%	11.9%
Board of Elections	0.3	—	0.5	0.4	2.1	2.0	23.8%	20.0%
Office of Administrative Hearings	0.7	0.2	(5.0)	(4.4)	7.4	6.0	(67.6%)	(73.3%)
	0.3	0.3	0.5	0.5	3.9	3.5	12.8%	14.3%
	<u>\$ 34.0</u>	<u>\$ 25.8</u>	<u>\$ 38.2</u>	<u>\$ 31.2</u>	<u>\$ 439.1</u>	<u>\$ 383.9</u>	<u>8.7%</u>	<u>8.1%</u>
Reserves - General Assembly	\$ —	\$ 1.0	\$ (1.6)	\$ 0.8	\$ 6.2	\$ 6.2	(25.8%)	12.9%
Reserves - Contingency & Emergency	—	—	(5.6)	(1.5)	3.5	4.1	(160.0%)	(36.6%)
Reserves - SPA Salary Increases	—	—	—	—	6.2	4.7	—	—
Reserves - Salary Adjustments	—	—	(0.7)	—	1.2	0.7	(58.3%)	—
Reserves - UNC Facility Rec	—	—	—	—	—	—	—	—
Reserves - Employer Portion Retirement Payback	—	—	—	—	45.0	30.0	—	—
Reserves - Job Development Incentive Grants Reserve	—	—	—	—	12.4	12.4	—	—
Reserves - Heating/Cooling Assistance	—	—	—	—	—	10.0	—	—
Reserves - Vacant Eliminated Positions	—	—	—	—	—	—	—	—
Reserves - Pending Ethics Legislation	—	—	—	—	—	—	—	—
Reserves - Health & Wellness Trust Fund	—	—	—	—	—	—	—	—
Reserves - Contingent Appropriations	—	—	—	—	—	1.1	—	—
Reserves - ITS Rate Reduction	—	—	—	—	—	(0.1)	—	—
Reserves - Longevity Service Definition	—	—	—	—	—	—	—	—
Reserves - NC State Lottery	—	—	—	—	—	—	—	—
Reserves - Comp Inc	—	—	—	—	—	—	—	—
Reserves - Postage Reduction	—	—	(18.5)	—	—	18.5	—	—
Reserves - Lawsuits	—	—	—	—	—	—	—	—
Reserves - Management Flexibility	—	—	—	—	—	—	—	—
Reserves - BEACON Project	—	—	—	—	—	35.5	—	—
Reserves - Implement HIPPA	—	—	—	—	—	—	—	—
Reserves - Minimum Fair Wage for SPA Employees	—	—	—	—	—	0.2	—	—
Reserves - State Employee Benefits	—	—	—	—	12.3	—	—	—
Reserves - IT Fund	—	—	—	—	4.1	5.8	—	—
Reserves - Retirement	—	—	—	—	—	0.1	—	—
Reserves - Special Needs Children	—	—	—	—	—	—	—	—
Reserves - MH/DD/SA Reform	—	—	—	—	—	14.4	—	—
Reserves - Judicial Longevity	—	—	—	—	—	—	—	—
Reserves - Transfer Public Defenders	—	—	—	—	0.4	—	—	—
Reserves - ITAS Replacement	—	—	—	—	—	—	—	—
	<u>\$ —</u>	<u>\$ 1.0</u>	<u>\$ (26.4)</u>	<u>\$ (0.7)</u>	<u>\$ 91.3</u>	<u>\$ 143.6</u>	<u>(28.9%)</u>	<u>(0.5%)</u>
Total - General Government	<u>\$ 34.0</u>	<u>\$ 26.8</u>	<u>\$ 11.8</u>	<u>\$ 30.5</u>	<u>\$ 530.4</u>	<u>\$ 527.5</u>	<u>2.2%</u>	<u>5.8%</u>

STATE OF NORTH CAROLINA

GENERAL FUND - REVERTING
 APPROPRIATION EXPENDITURES, BUDGET, AND PERCENT EXPENDED

FOR THE MONTH OF AUGUST 2007 AND 2006, AND FISCAL YEAR-TO-DATE 2008 AND 2007

Expressed In Millions

	Appropriation Expenditures				Budget		Percent of Budget Expended		
	August		Year-To-Date		Year-To-Date		Year-To-Date		
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	
Education									
Public Instruction	\$ 657.2	\$ 761.1	\$ 1,000.6	\$ 1,080.5	\$ 8,055.8	\$ 7,403.3	12.4%	14.6%	
Community Colleges	45.1	42.0	83.1	76.4	990.5	935.7	8.4%	8.2%	
	<u>\$ 702.3</u>	<u>\$ 803.1</u>	<u>\$ 1,083.7</u>	<u>\$ 1,156.9</u>	<u>\$ 9,046.3</u>	<u>\$ 8,339.0</u>	12.0%	13.9%	
University System									
University of North Carolina - General Admin.	\$ 5.0	\$ 6.8	\$ 6.2	\$ 8.7	\$ 57.1	\$ 60.3	10.9%	14.4%	
UNC - GA Institutional Programs and Facilities	—	—	—	—	14.0	1.1	—	—	
UNC - GA Related Educational Programs	57.9	4.6	7.6	13.4	86.7	149.0	8.8%	9.0%	
UNC- Chapel Hill Aid to Private Institutions	(0.1)	—	(0.1)	—	107.7	—	(0.1%)	—	
UNC - Chapel Hill Academic Affairs	(1.6)	(2.2)	(12.3)	(7.2)	286.6	257.1	(4.3%)	(2.8%)	
UNC - Chapel Hill Health Affairs	10.5	9.4	20.1	14.4	207.6	186.3	9.7%	7.7%	
UNC - Chapel Hill Area Health Affairs	2.1	1.0	7.8	6.7	49.7	49.1	15.7%	13.6%	
NCSU - Academic Affairs	0.7	(1.2)	12.0	8.9	377.5	336.8	3.2%	2.6%	
NCSU - Agricultural Research	5.5	3.0	6.9	7.9	66.2	52.7	10.4%	15.0%	
NCSU - Agricultural Extension Service	3.5	4.3	6.8	9.0	44.1	41.4	15.4%	21.7%	
University of North Carolina at Greensboro	(4.1)	(0.8)	0.1	(0.3)	156.6	139.7	0.1%	(0.2%)	
University of North Carolina at Charlotte	(29.0)	(19.7)	(25.4)	(16.6)	175.0	159.2	(14.5%)	(10.4%)	
University of North Carolina at Asheville	2.4	(2.6)	(0.4)	(4.6)	37.2	33.6	(1.1%)	(13.7%)	
University of North Carolina at Wilmington	0.6	(0.3)	4.3	2.9	100.5	91.8	4.3%	3.2%	
University of North Carolina at Pembroke	(12.0)	(7.0)	(9.8)	(5.3)	57.6	50.6	(17.0%)	(10.5%)	
East Carolina University	(6.0)	(10.6)	8.3	1.7	214.0	195.2	3.9%	0.9%	
ECU - Health Affairs	3.4	3.7	6.2	6.9	54.2	49.3	11.4%	14.0%	
North Carolina A&T University	(7.1)	(0.3)	(2.9)	3.3	99.3	89.1	(2.9%)	3.7%	
Western Carolina University	2.8	3.6	4.4	4.2	88.9	80.8	4.9%	5.2%	
Appalachian State University	5.8	7.7	11.3	9.8	130.5	114.4	8.7%	8.6%	
Winston-Salem State University	3.4	(4.1)	7.7	0.6	69.5	65.8	11.1%	0.9%	
Elizabeth City State University	2.0	1.9	4.5	3.3	33.6	31.8	13.4%	10.4%	
Fayetteville State University	7.1	4.9	9.9	7.6	57.0	49.2	17.4%	15.4%	
North Carolina Central University	(2.6)	(3.2)	4.0	1.7	85.0	74.6	4.7%	2.3%	
North Carolina School of the Arts	(0.2)	2.1	—	2.8	26.9	23.6	—	11.9%	
University of North Carolina Hospitals	3.8	3.7	7.6	7.4	53.0	45.7	14.3%	16.2%	
North Carolina School of Science and Math	1.5	1.2	2.6	1.8	17.5	16.1	14.9%	11.2%	
Total University System	<u>\$ 55.3</u>	<u>\$ 5.9</u>	<u>\$ 87.4</u>	<u>\$ 89.0</u>	<u>\$ 2,753.5</u>	<u>\$ 2,444.3</u>	3.2%	3.6%	
Total - Education	<u>\$ 757.6</u>	<u>\$ 809.0</u>	<u>\$ 1,171.1</u>	<u>\$ 1,245.9</u>	<u>\$ 11,799.8</u>	<u>\$ 10,783.3</u>	9.9%	11.6%	
Health and Human Services									
HHS - Administration	\$ (19.7)	\$ 5.1	\$ (14.5)	\$ (3.6)	\$ 85.2	\$ 72.3	(17.0%)	(5.0%)	
Aging	3.4	0.7	5.2	1.9	36.0	34.6	14.4%	5.5%	
Child Development	23.6	22.4	47.4	43.9	306.9	297.0	15.4%	14.8%	
Services for Deaf & Hearing Impaired	2.5	2.6	4.8	4.6	39.2	37.4	12.2%	12.3%	
Health Services	6.3	5.7	14.4	16.3	195.1	171.8	7.4%	9.5%	
Social Services	13.5	16.6	25.2	32.8	216.6	205.5	11.6%	16.0%	
Medical Assistance	226.7	294.7	325.8	281.5	2,923.6	2,650.8	11.1%	10.6%	
Children's Health Insurance	4.2	1.5	8.3	5.5	59.4	51.9	14.0%	10.6%	
Services for the Blind	0.8	0.6	1.8	1.5	11.3	9.9	15.9%	15.2%	
Mental Health	9.6	39.0	49.7	97.4	718.0	691.3	6.9%	14.1%	
Facility Services	1.5	0.8	2.2	2.2	19.2	17.1	11.5%	12.9%	
Vocational Rehabilitation	0.3	3.1	4.2	5.4	45.5	43.3	9.2%	12.5%	
Juvenile Justice	10.9	9.5	18.6	16.7	161.4	150.1	11.5%	11.1%	
Total - Health and Human Services	<u>\$ 283.6</u>	<u>\$ 402.3</u>	<u>\$ 493.1</u>	<u>\$ 506.1</u>	<u>\$ 4,817.4</u>	<u>\$ 4,433.0</u>	10.2%	11.4%	

STATE OF NORTH CAROLINA

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FOR THE MONTH OF AUGUST 2007 AND 2006, AND FISCAL YEAR-TO-DATE 2008 AND 2007

Expressed In Millions

	Appropriation Expenditures				Budget		Percent of Budget Expended	
	August		Year-To-Date		2007-08	2006-07	Year-To-Date	
	2007-08	2006-07	2007-08	2006-07			2007-08	2006-07
Economic Development								
Commerce	\$ 3.9	\$ 4.1	\$ (1.3)	\$ 2.3	\$ 64.6	\$ 75.3	(2.0%)	3.1%
Commerce - State Aid to Nonstate Entities	—	1.5	(10.1)	(6.0)	194.7	56.6	(5.2%)	(10.6%)
Division of Information Technology Service	—	—	—	—	—	—	—	—
Total - Economic Development	\$ 3.9	\$ 5.6	\$ (11.4)	\$ (3.7)	\$ 259.3	\$ 131.9	(4.4%)	(2.8%)
Environment and Natural Resources								
Environment and Natural Resources	\$ 14.8	\$ 13.4	\$ 24.8	\$ 25.6	\$ 210.4	\$ 195.2	11.8%	13.1%
Environment and Natural Resources - State Aid	8.4	—	16.7	25.0	100.0	100.0	16.7%	25.0%
Total - Environment and Natural Resources	\$ 23.2	\$ 13.4	\$ 41.5	\$ 50.6	\$ 310.4	\$ 295.2	13.4%	17.1%
Public Safety, Correction, and Regulation								
Judicial	\$ 46.6	\$ 42.4	\$ 85.9	\$ 80.7	\$ 558.4	\$ 498.0	15.4%	16.2%
Justice	7.6	6.6	13.1	13.8	98.8	92.3	13.3%	15.0%
Labor	1.5	1.6	2.8	2.7	17.3	16.4	16.2%	16.5%
Insurance	2.2	2.0	4.2	3.9	32.3	30.7	13.0%	12.7%
Insurance - RICO	—	—	—	—	4.5	4.5	—	—
Correction	101.9	101.1	181.2	178.2	1,260.7	1,166.7	14.4%	15.3%
Crime Control	1.6	5.3	(1.9)	3.3	52.6	52.5	(3.6%)	6.3%
Total - Public Safety, Correction, and Regulation	\$ 161.4	\$ 159.0	\$ 285.3	\$ 282.6	\$ 2,024.6	\$ 1,861.1	14.1%	15.2%
Agriculture								
Agriculture and Consumer Services	\$ 4.9	\$ 5.7	\$ 8.9	\$ 9.3	\$ 77.3	\$ 58.6	11.5%	15.9%
Rounding [*]	\$ —	\$ 0.9	\$ (0.1)	\$ 0.5	\$ (0.5)	\$ 0.3	N/A	N/A
Total Current Operations	\$ 1,268.6	\$ 1,422.7	\$ 2,000.2	\$ 2,121.8	\$ 19,818.7	\$ 18,090.9	10.1%	11.7%
Capital Improvements								
Funded by General Fund	\$ —	\$ —	\$ —	\$ —	\$ 230.7	\$ 206.3	—	—
Repairs and Renovations	—	—	—	—	—	—	—	—
Total - Capital Improvements	\$ —	\$ —	\$ —	\$ —	\$ 230.7	\$ 206.3		
Debt Service	\$ 18.4	\$ 14.9	\$ 8.8	\$ 10.9	\$ 610.2	\$ 568.8	1.4%	1.9%
Total Appropriation Expenditures	\$ 1,287.0	\$ 1,437.6	\$ 2,009.0	\$ 2,132.7	\$ 20,659.6	\$ 18,866.0	9.7%	11.3%

[*] In disclosing the detail appropriation expenditures of 98 agencies/entities rounded to the millions of dollars, the "Rounding" category allows the most accurate presentation of individual agency and major General Fund category amounts.

The schedule above presents monthly and year-to-date appropriation expenditures by major function and agency with comparison to the fiscal year budget.

GLOSSARY

Appropriation Expenditures – The net of expenditures and receipts of reverting funds.

Beverage Taxes Payable (Chapter 105, Article 2C) – Excise taxes collected on the sale of beer and wine that are payable annually to counties and cities within 60 days after March 31 of each year.

Budget (Appropriation Expenditures) – Total appropriation expenditures as enacted by legislation and detail adjustments by the Office of State Budget and Management.

Budget (Revenues) – Total revenues as enacted by legislation and forecasted detail by the Office of State Budget and Management.

Disaster Relief Reserve (Senate Bill 7, Session Law 2005-1) – Funds appropriated to provide necessary and appropriate relief and assistance from the effects of natural disasters.

Disproportionate Share Reserve (House Bill 1473, Section 10.39, Session Law 2007-323) – Federal share of disproportionate share payments received from state hospitals not appropriated by the General Assembly.

Job Development Incentive Grants Reserve (G.S. 143C-9-6) – Annually appropriated funds to meet anticipated cash requirements for each fiscal year of the Job Development Investment Grant Program. This Program is established to foster job creation and investment in the economy of N.C. by providing grants to businesses.

Non-reverting – Represents General Fund activities for which unexpended appropriations do not lapse at fiscal year-end and generally are not re-appropriated for a different purpose, function or activity.

One NC Fund Reserve (House Bill 1473, Section 13.1, Session Law 2007-323) – Established by the Office of State Budget and Management to satisfy obligations of the One North Carolina Fund as they become due during fiscal year 2003-04. Moneys in the One NC Fund may be allocated only to local governments for use in connection with securing commitments for the recruitment, expansion, or retention of new and exiting businesses.

Repairs and Renovations Reserve Account (G.S. 143C-4-3) – Established as a reserve in the General Fund which can be used only for the repair and renovation of State facilities and related infrastructure that are supported from the General Fund.

Reserved – Designates the portion of fund balance which has been set aside by the legislature for a specific purpose and is generally unavailable to finance appropriation expenditures.

Reverting – Designates General Fund activities for which unexpended appropriations lapse at fiscal year-end and may be re-appropriated for the same or a different purpose, function or activity.

Sales and Use Taxes Payable (Chapter 105, Article 5) – Taxes collected and payable to cities and counties for taxes on telecommunication and video programming services and the sales of modular homes (monthly).

Savings Reserve Account (G.S. 143C-4-2) – Established as a reserve in the General Fund and is a component of the unappropriated General Fund balance. Account established to maintain sufficient reserves to address unanticipated events and circumstances such as natural disaster, economic downturns, threats to public safety, health and welfare, and other emergencies. Account also established with a goal to maintain a balance equal to or greater than eight percent of the prior year's General Fund operating budget.

Scrap Tire Disposal Taxes Payable (Chapter 105, Article 5B) – Additional sales and use taxes collected on new tire sales payable quarterly to counties (68%), the state Scrap Tire Disposal Account (27%), and the state Solid Waste Management Trust Fund (5%).

Unreserved – Resources available to finance appropriation expenditures.

White Goods Disposal Taxes Payable (Chapter 105, Article 5C) – Additional sales and uses taxes collected on sales of new large appliances such as refrigerators, ranges, water heaters, etc, that are payable quarterly to counties (72%), the state White Goods Management Account (20%), and the state Solid Waste Management Trust Fund (8%).