CHANGES IN NET ASSETS

For the Fiscal Years 2002-2007

(Dollars in Thousands)

		2007	2006	2005	2004	2003
Expenses						
Governmental activities:						
General government		$ 1,265,450	$ 1,039,513	$ 917,209	$ 807,248	$ 773,835
Primary and secondary education		9,096,758	8,215,445	7,699,208	7,223,766	6,865,921
Higher education		4,405,930	3,472,024	3,576,384	3,140,794	2,814,375
Health and human services		14,360,634	13,491,119	13,375,794	11,729,904	10,614,411
Economic development		624,306	647,434	625,561	536,055	489,062
Environment and natural resources		723,504	676,049	570,241	599,575	537,540
Public safety, corrections, and regulation		2,483,398	2,304,900	2,125,385	2,093,404	2,034,225
Transportation		2,019,917	1,781,865	1,795,490	1,870,578	1,639,866
Agriculture		89,257	112,467	81,628	82,394	73,972
Interest on long-term debt		273,123	264,287	249,433	191,228	151,258
Total governmental activities expenses		35,342,277	32,005,103	31,016,333	28,274,946	25,994,465
Business-type activities:						
Unemployment Compensation Fund		864,981	849,945	824,934	1,389,266	1,603,796
N.C. State Lottery	[2]	559,373	153,125	-	-	-
EPA Revolving Loan	[4]	14,228	11,414	7,170	5,342	4,266
Regulatory commissions	[3]	31,144	28,526	25,974	-	-
Insurance programs		26,624	16,051	13,580	25,237	13,752
North Carolina State Fair		11,433	10,497	10,759	8,956	8,257
Other business-type activities		5,686	10,255	9,753	8,821	8,748
Total business-type activities expenses		1,513,469	1,079,813	892,170	1,437,622	1,638,819
Total primary government expenses		$ 36,855,746	$ 33,084,916	$ 31,908,503	$ 29,712,568	$ 27,633,284
Program Revenues:						
Governmental activities:						
Charges for services:						
Transportation		$ 782,405	$ 725,311	$ 588,357	$ 553,229	$ 526,609
Public safety, corrections, and regulation		429,824	411,188	378,059	371,625	355,793
General government		480,378	339,053	202,514	211,648	162,311
Other activities		467,893	512,449	503,552	368,588	306,036
Operating grants and contributions		12,009,937	11,503,844	11,380,864	10,108,124	9,043,064
Capital grants and contributions		1,000,079	914,090	1,011,451	884,345	527,498
Total governmental activities program revenues		15,170,516	14,405,935	14,064,797	12,497,559	10,921,311
Business-type activities:						
Charges for services:						
Unemployment Compensation Fund		1,099,959	1,101,357	1,062,549	878,722	646,273
N.C. State Lottery	[2]	866,195	216,906	-	-	-
EPA Revolving Loan	[4]	16,400	15,237	14,078	13,876	12,550
Regulatory commissions	[3]	29,347	33,550	32,223	-	-
Insurance programs		13,901	14,860	15,993	13,259	12,076
North Carolina State Fair		11,617	12,581	12,227	11,961	8,343
Other business-type activities		5,887	7,973	8,906	9,073	9,275
Operating grants and contributions		106,000	64,085	54,760	305,053	504,550
Capital grants and contributions		142	258	452	892	1,241
Total business-type activities program revenues		2,149,448	1,466,807	1,201,188	1,232,836	1,194,308
Total primary government program revenues		$ 17,319,964	$ 15,872,742	$ 15,265,985	$ 13,730,395	$ 12,115,619
Net (expense) revenue						
Governmental activities		$ (20,171,761)	$ (17,599,168)	$ (16,951,536)	$ (15,777,387)	$ (15,073,154)
Business-type activities		635,979	386,994	309,018	(204,786)	(444,511)
Total primary government net expense		$ (19,535,782)	$ (17,212,174)	$ (16,642,518)	$ (15,982,173)	$ (15,517,665)

Table 2

2002
$ 874,208
6,802,979
2,519,703
10,376,807
469,102
627,369
2,109,487
1,530,870
121,729
148,595
25,580,849
1,336,718
-
-
-
-
-
25,431
1,362,149
$ 26,942,998
$ 524,198
327,457
184,982
276,322
8,787,254
714,084
10,814,297
433,364
-
-
-
-
-
27,477
438,760
1,121
900,722
$ 11,715,019
$ (14,766,552)
(461,427)
$ (15,227,979)

Continued

CHANGES IN NET ASSETS

For the Fiscal Years 2002-2007

(Dollars in Thousands)

		2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Individual income tax	[1]	$ 10,739,562	$ 9,336,745	$ 8,244,275	$ 7,407,455	$ 7,122,099
Corporate income tax		1,466,148	1,306,193	1,143,458	760,180	921,611
Sales and use tax		5,108,456	5,033,040	4,621,098	4,293,040	4,029,403
Gasoline tax		1,601,764	1,514,626	1,354,699	1,276,627	1,154,986
Franchise tax		671,151	628,029	613,033	560,708	584,584
Highway use tax		607,511	577,237	580,118	578,346	552,759
Insurance tax		487,081	442,297	442,228	432,975	417,126
Beverage tax		245,990	233,315	220,782	213,271	198,848
Inheritance tax		162,746	133,158	135,107	128,352	112,150
Tobacco products tax	[5]	241,687	-	-	-	-
Other tax		330,888	482,552	306,991	313,985	289,261
Tobacco settlement		144,075	140,969	148,800	147,224	173,256
Federal grants not restricted to specific programs		-	-	-	136,859	136,859
Unrestricted investment earnings		212,074	123,170	78,546	77,225	103,987
Miscellaneous		47,170	37,248	53,488	62,601	41,137
Contributions to permanent funds		3,928	4,674	2,288	2,068	1,806
Transfers		312,810	67,978	(11,620)	(302)	4,918
Total governmental activities		22,383,041	20,061,231	17,933,291	16,390,614	15,844,790
Business-type activities:						
Miscellaneous		15	4	79	3	-
Transfers		(312,810)	(67,978)	11,620	302	(4,918)
Total business-type activities		(312,795)	(67,974)	11,699	305	(4,918)
Total primary government		$ 22,070,246	$ 19,993,257	$ 17,944,990	$ 16,390,919	$ 15,839,872
Change in Net Assets						
Governmental activities		$ 2,211,280	$ 2,462,063	$ 981,755	$ 613,227	$ 771,636
Business-type activities		323,184	319,020	320,717	(204,481)	(449,429)
Total primary government		$ 2,534,464	$ 2,781,083	$ 1,302,472	$ 408,746	$ 322,207

Note: The State of North Carolina did not begin reporting government-wide statements until implementation of GASB Statement 34 in 2002.

[1] For fiscal year ended June 30, 2006, the State changed its methodology for applying GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions to individual income taxes. The State now reports an estimate of underpayments of individual income taxes. The State has also changed its method to estimate overpayments of individual income taxes (i.e., income tax refunds payable and applied refunds). For the purpose of reporting underpayments, the availability period for General Fund individual income taxes was extended from thirty-one days to twelve months after year-end. Where underpayments exceed overpayments, individual income tax revenues are recognized to the extent of estimated overpayments (i.e., income tax refunds payable and applied refunds).

[2] N.C. State Lottery established in 2006.

[3] Prior to 2005 Regulatory commissions were classified as Special Revenue Funds.

[4] Prior to 2003 EPA Revolving Loan was classified as Special Revenue Funds.

[5] Prior to 2007 tobacco products tax was included in other tax. A significant increase in the tobacco products tax rate determined the need to present tobacco products tax separately beginning 2007.

Table 2

2002
$ 7,234,431
599,382
3,778,873
1,212,788
590,992
555,320
347,893
200,593
106,491
-
278,740
175,836
139,350
-
57,484
2,019
47,957
15,328,149
-
(47,957)
(47,957)
$ 15,280,192
$ 561,597
(509,384)
$ 52,213