

**CHANGES IN NET ASSETS**

For the Fiscal Years 2002-2008

*(Dollars in Thousands)*

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Expenses</b>					
Governmental activities:					
General government.....	\$ 1,248,228	\$ 1,264,132	\$ 1,039,513	\$ 917,209	\$ 807,248
Primary and secondary education.....	10,635,026	9,126,169	8,215,445	7,699,208	7,223,766
Higher education.....	4,207,421	4,500,010	3,472,024	3,576,384	3,140,794
Health and human services.....	14,956,584	14,117,426	13,491,119	13,375,794	11,729,904
Economic development.....	746,660	624,106	647,434	625,561	536,055
Environment and natural resources.....	771,783	672,726	676,049	570,241	599,575
Public safety, corrections, and regulation.....	2,623,835	2,465,974	2,304,900	2,125,385	2,093,404
Transportation.....	1,938,394	2,019,942	1,781,865	1,795,490	1,870,578
Agriculture.....	119,395	88,970	112,467	81,628	82,394
Interest on long-term debt.....	304,020	273,123	264,287	249,433	191,228
Total governmental activities expenses.....	<u>37,551,346</u>	<u>35,152,578</u>	<u>32,005,103</u>	<u>31,016,333</u>	<u>28,274,946</u>
Business-type activities:					
Unemployment Compensation Fund.....	1,002,866	864,981	849,945	824,934	1,389,266
N.C. State Lottery..... [2]	712,718	559,373	153,125	-	-
EPA Revolving Loan..... [4]	12,454	14,228	11,414	7,170	5,342
Regulatory commissions..... [3]	34,791	31,144	28,526	25,974	-
Insurance programs.....	17,539	23,892	16,051	13,580	25,237
North Carolina State Fair.....	12,601	11,433	10,497	10,759	8,956
Other business-type activities.....	6,139	5,686	10,255	9,753	8,821
Total business-type activities expenses.....	<u>1,799,108</u>	<u>1,510,737</u>	<u>1,079,813</u>	<u>892,170</u>	<u>1,437,622</u>
Total primary government expenses.....	<u>\$ 39,350,454</u>	<u>\$ 36,663,315</u>	<u>\$ 33,084,916</u>	<u>\$ 31,908,503</u>	<u>\$ 29,712,568</u>
<b>Program Revenues:</b>					
Governmental activities:					
Charges for services:					
Transportation.....	\$ 777,059	\$ 782,405	\$ 725,311	\$ 588,357	\$ 553,229
Public safety, corrections, and regulation.....	501,837	429,824	411,188	378,059	371,625
General government.....	365,920	480,378	339,053	202,514	211,648
Other activities.....	536,419	467,769	512,449	503,552	368,588
Operating grants and contributions.....	12,302,301	12,026,012	11,503,844	11,380,864	10,108,124
Capital grants and contributions.....	826,646	758,910	914,090	1,011,451	884,345
Total governmental activities program revenues.....	<u>15,310,182</u>	<u>14,945,298</u>	<u>14,405,935</u>	<u>14,064,797</u>	<u>12,497,559</u>
Business-type activities:					
Charges for services:					
Unemployment Compensation Fund.....	1,091,856	1,099,959	1,101,357	1,062,549	878,722
N.C. State Lottery..... [2]	1,053,131	866,195	216,906	-	-
EPA Revolving Loan..... [4]	17,297	16,400	15,237	14,078	13,876
Regulatory commissions..... [3]	37,163	29,347	33,550	32,223	-
Insurance programs.....	16,991	13,901	14,860	15,993	13,259
North Carolina State Fair.....	15,029	11,617	12,581	12,227	11,961
Other business-type activities.....	6,498	5,887	7,973	8,906	9,073
Operating grants and contributions.....	83,695	106,000	64,085	54,760	305,053
Capital grants and contributions.....	6,589	142	258	452	892
Total business-type activities program revenues.....	<u>2,328,249</u>	<u>2,149,448</u>	<u>1,466,807</u>	<u>1,201,188</u>	<u>1,232,836</u>
Total primary government program revenues.....	<u>\$ 17,638,431</u>	<u>\$ 17,094,746</u>	<u>\$ 15,872,742</u>	<u>\$ 15,265,985</u>	<u>\$ 13,730,395</u>
<b>Net (expense) revenue</b>					
Governmental activities.....	\$ (22,241,164)	\$ (20,207,280)	\$ (17,599,168)	\$ (16,951,536)	\$ (15,777,387)
Business-type activities.....	529,141	638,711	386,994	309,018	(204,786)
Total primary government net expense.....	<u>\$ (21,712,023)</u>	<u>\$ (19,568,569)</u>	<u>\$ (17,212,174)</u>	<u>\$ (16,642,518)</u>	<u>\$ (15,982,173)</u>

Table 2

<u>2003</u>	<u>2002</u>
\$ 773,835	\$ 874,208
6,865,921	6,802,979
2,814,375	2,519,703
10,614,411	10,376,807
489,062	469,102
537,540	627,369
2,034,225	2,109,487
1,639,866	1,530,870
73,972	121,729
151,258	148,595
<u>25,994,465</u>	<u>25,580,849</u>
1,603,796	1,336,718
-	-
4,266	-
-	-
13,752	-
8,257	-
8,748	25,431
<u>1,638,819</u>	<u>1,362,149</u>
<u>\$ 27,633,284</u>	<u>\$ 26,942,998</u>
\$ 526,609	\$ 524,198
355,793	327,457
162,311	184,982
306,036	276,322
9,043,064	8,787,254
527,498	714,084
<u>10,921,311</u>	<u>10,814,297</u>
646,273	433,364
-	-
12,550	-
-	-
12,076	-
8,343	-
9,275	27,477
504,550	438,760
1,241	1,121
<u>1,194,308</u>	<u>900,722</u>
<u>\$ 12,115,619</u>	<u>\$ 11,715,019</u>
\$ (15,073,154)	\$ (14,766,552)
(444,511)	(461,427)
<u>\$ (15,517,665)</u>	<u>\$ (15,227,979)</u>

Continued

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	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes					
Individual income tax..... [1]	\$ 10,676,156	\$ 10,739,562	\$ 9,336,745	\$ 8,244,275	\$ 7,407,455
Corporate income tax.....	1,357,670	1,466,148	1,306,193	1,143,458	760,180
Sales and use tax.....	5,159,453	5,108,456	5,033,040	4,621,098	4,293,040
Gasoline tax.....	1,579,847	1,601,764	1,514,626	1,354,699	1,276,627
Franchise tax.....	738,741	671,151	628,029	613,033	560,708
Highway use tax.....	566,132	607,511	577,237	580,118	578,346
Insurance tax.....	505,936	487,081	442,297	442,228	432,975
Beverage tax.....	258,193	245,990	233,315	220,782	213,271
Inheritance tax.....	158,178	162,746	133,158	135,107	128,352
Tobacco products tax..... [5]	249,664	241,687	-	-	-
Other tax.....	339,158	330,888	482,552	306,991	313,985
Tobacco settlement.....	168,583	144,075	140,969	148,800	147,224
Federal grants not restricted to specific programs.....	-	-	-	-	136,859
Unrestricted investment earnings.....	238,239	211,663	123,170	78,546	77,225
Miscellaneous.....	49,345	47,015	37,248	53,488	62,601
Contributions to permanent funds.....	3,894	3,928	4,674	2,288	2,068
Transfers.....	346,848	312,810	67,978	(11,620)	(302)
Total governmental activities.....	<u>22,396,037</u>	<u>22,382,475</u>	<u>20,061,231</u>	<u>17,933,291</u>	<u>16,390,614</u>
Business-type activities:					
Miscellaneous.....	-	15	4	79	3
Transfers.....	(346,848)	(312,810)	(67,978)	11,620	302
Total business-type activities.....	<u>(346,848)</u>	<u>(312,795)</u>	<u>(67,974)</u>	<u>11,699</u>	<u>305</u>
Total primary government.....	<u>\$ 22,049,189</u>	<u>\$ 22,069,680</u>	<u>\$ 19,993,257</u>	<u>\$ 17,944,990</u>	<u>\$ 16,390,919</u>
<b>Change in Net Assets</b>					
Governmental activities.....	\$ 154,873	\$ 2,175,195	\$ 2,462,063	\$ 981,755	\$ 613,227
Business-type activities.....	182,293	325,916	319,020	320,717	(204,481)
Total primary government.....	<u>\$ 337,166</u>	<u>\$ 2,501,111</u>	<u>\$ 2,781,083</u>	<u>\$ 1,302,472</u>	<u>\$ 408,746</u>

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

<u>2003</u>	<u>2002</u>
\$ 7,122,099	\$ 7,234,431
921,611	599,382
4,029,403	3,778,873
1,154,986	1,212,788
584,584	590,992
552,759	555,320
417,126	347,893
198,848	200,593
112,150	106,491
-	-
289,261	278,740
173,256	175,836
136,859	139,350
103,987	-
41,137	57,484
1,806	2,019
4,918	47,957
15,844,790	15,328,149
-	-
(4,918)	(47,957)
(4,918)	(47,957)
\$ 15,839,872	\$ 15,280,192
\$ 771,636	\$ 561,597
(449,429)	(509,384)
\$ 322,207	\$ 52,213