State of North Carolina
Office of the State Controller

DAVID T. MCCOY
STATE CONTROLLER

The Honorable Pat McCrory, Governor
Members of the North Carolina General Assembly
Citizens of North Carolina

In compliance with G.S. 143B-426.40H, it is our pleasure to provide you with the State of North Carolina's 2013 Comprehensive Annual Financial Report (CAFR). This report has been prepared by the Office of the State Controller. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the state government and this office. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects. We believe all disclosures necessary to enable you to gain an understanding of the State's financial activities have been included.

Although the State budgets and manages its financial affairs on the cash basis of accounting, G.S. 143B-426.40H requires the Office of the State Controller to prepare a Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting principles (GAAP) in the United States of America. Except for schedules clearly labeled otherwise, this CAFR has been prepared in accordance with GAAP.

North Carolina's State government management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the State are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

In compliance with North Carolina's General Statutes, an annual financial audit of the State financial reporting entity is completed each year by the North Carolina Office of the State Auditor. The Auditor's examination was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Auditor's opinion has been included in this report. In addition, the State coordinates the *Single Audit* effort of all federal funds through the State Auditor.

This letter of transmittal is intended to complement the management discussion and analysis (MD&A) and should be read in conjunction with it. The MD&A provides an overview of the State's financial activities addressing both governmental and business-type activities reported in the government-wide financial statements. In addition, the MD&A focuses on the State's major funds: the General Fund, the Highway Fund, the Highway Trust Fund, the Unemployment Compensation Fund, the EPA Revolving Loan Fund, the N.C. Turnpike Authority, and the N.C. State Lottery Fund. The MD&A can be found immediately following the Independent Auditor's Report.

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Profile of the State of North Carolina

The Old North State, The Tar Heel State

North Carolina became the 12th state of the union in 1789. North Carolina is located on the Atlantic coast and is bordered by Georgia, South Carolina, Tennessee and Virginia. The State has a land area of approximately 50,000 square miles. The State's estimated population is 9.85 million, making it the 10th most populated state in the nation. Ninety-two percent of the State's population lives in metropolitan areas. The North Carolina coastline is 301 miles, the greatest distance east to west is 543 miles, and the greatest distance north to south is 188 miles. The State's elevation rises from sea level on the eastern coastline to 6,684 feet at Mount Mitchell in the Appalachian mountain range on our western border. There are 79,492 miles of roads, with Interstate 40 crossing North Carolina east to west, and Interstates 77, 85 and 95 crossing the State north to south. North Carolina's capital and central state government administration is located in Raleigh, in the central piedmont. Charlotte, Raleigh, Greensboro, Durham, and Winston-Salem are North Carolina's largest cities and there are 100 counties.

North Carolina continues to grow and to be an attractive place to live, to work, and to raise a family. The State has been consistently ranked as one of the nation's "Top Business Climates" according to *Site Selection* magazine. It has taken the top honor 10 times in the last 13 years in the annual selection by the magazine. In addition, North Carolina is ranked among the best business climates in the nation by CNBC, *Forbes* and *Chief Executive*.

Government

North Carolina's state government consists of an executive branch, a legislative branch, and a judicial branch. The executive branch is headed by the Governor. The Governor, Lieutenant Governor, and eight other statewide elected officers form the Council of State. The State Constitution provides that, "A Secretary of State, an Auditor, a Treasurer, a Superintendent of Public Instruction, an Attorney General, a Commissioner of Agriculture, a Commissioner of Labor, and a Commissioner of Insurance shall be elected by the qualified voters of the State…." All administrative departments, agencies, and offices of the State and their respective functions, powers, and duties shall be allocated by law among and within not more than 25 principal administrative departments.

The legislative power of the State is vested in the General Assembly, which consists of a Senate and a House of Representatives. The Senate is composed of 50 Senators, elected on a biennial basis. The House of Representatives is composed of 120 Representatives, elected on a biennial basis.

The Courts of the Judicial Branch are split into three divisions, the Appellate Division, the Superior Court Division, and the District Court Division. Judges are elected on a non-partisan basis.

State Reporting Entity and Its Services

The State of North Carolina entity as reported in the CAFR includes all fund types of the departments, agencies, boards, commissions and authorities governed and legally controlled by the State's executive, legislative and judicial branches. In addition, the reporting entity includes legally separate component units for which the State is financially accountable. The component units are discretely presented in the government-wide financial statements. The State's discretely presented major component units are the University of North Carolina System, the State's community colleges, and the State Health Plan. The criteria for inclusion in the reporting entity and its presentation are defined by the Governmental Accounting Standards Board (GASB) in its GASB Codification Section 2100. These criteria are described in Note 1 of the accompanying financial statements.

The State and its component units provide a broad range of services to its citizens, including primary and secondary education; higher education; health and human services; economic development; environment and natural resources; public safety, corrections, and regulation; transportation; agriculture; and general government services. The costs of these services are reflected in detail and in summary in this report.

Budgetary Control

In addition to internal controls discussed previously, the State maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the General Assembly. Activities of the General Fund, departmental special revenue funds, and permanent funds are included in the annual appropriated budget. The Highway Fund and the Highway Trust Fund, the State's major special revenue funds, are primarily budgeted on a multi-year basis. Capital projects are funded and planned in accordance with the time it will take to complete the project. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is exercised at both the departmental and university level, with allotment control exercised by the State Controller, and on the program line-item levels requiring certain approvals by the Director of the Budget. Legislative authorization of departmental expenditures appears in the state Appropriation Bill. The certified budget is the legal expenditure authority; however, the Office of State Budget and Management may approve executive changes to the legal budget as allowed by law. These changes result in the final budget presented in the required supplementary information.

Economic Condition

Overview

During fiscal year 2012-13, the economy gathered momentum. Economic conditions in the State, as well as the nation, reflected a moderately improving economy. The slow-paced recovery of the previous three years began to gather strength in 2012. For many industries, growth was strong enough to improve their economic output to levels experienced prior to the recession. During the fiscal year, overall economic activity in the State improved, surpassing the pace of growth nationally. Despite the overall improvement, employment gains remained weak. Employment growth has been persistently stubborn keeping unemployment rates elevated above where one would expect them to be three plus years after the last economic downturn. The State's economy during the fiscal year added 70,800 payroll jobs. This still left non-agricultural employment in the State with 113,000 fewer people employed than at the end of fiscal year 2007- 08, and the unemployment rate at 8.9%.

During the first-half of the fiscal year, it appeared the economy was gaining momentum. By the second-half of the year much of this momentum had been lost, and the nation's Gross Domestic Product (GDP, a broad measure of economic activity) dropped well-below the average rate of growth. Global economic instability intensified and continued to be a drag on the nation's economy. Moreover, fiscal policy uncertainties on both taxes and spending at the federal level intensified during late summer and into the fall of 2012, further impeding the pace of growth in the economy. Given these mixed signals both employers and consumers continued to be cautious.

During the fiscal year (FY), the State's improvement in the overall economy led to a 3.4% increase in wage and salary income. Growth in total wage and salary income increased by 4.5% the second quarter of the fiscal year, but slowed to 2.6% growth in the last half of the fiscal year. Despite this slowdown, employment and income are anticipated to improve for the rest of 2013, approaching a normal, average pace of growth. In 2014, wages are forecast to grow faster than the average rate of 5.1%.

National Economic Outlook

United States Economic Indicators	*FY2011-12 Actual*	FY2012-13 Actual	FY2013-14 Projected	FY2014-15 Projected
Economic growth (GDP)*	*2.1%*	1.8%	2.9%	3.8%
Personal Income	*3.6%*	4.1%	5.3%	6.1%
Corporate Pre-Tax Profits	*8.7%*	9.8%	2.7%	5.9%
Retail Sales and Food Services	*6.6%*	4.9%	4.8%	5.2%
Consumer Price Index	*2.9%*	1.7%	1.9%	2.3%
30-yr Fixed Mortgage Interest Rate	*4.0%*	3.5%	4.8%	5.0%

*****Adjusted for inflation

The national economy has been hampered by a weak global economy, especially key trading partners in the Eurozone. The aftermath of the global financial crisis continued to affect economies worldwide. This was especially true in the Eurozone where sovereign debt problems escalated during the previous fiscal year. As a result, the Eurozone collectively experienced an economic downturn and only exited their recession this past summer. Offsetting some of the weakness in the overall global economy was a rebound in the nation's housing market. While improvements in the housing market were modest, the improvement seemed to boost consumer confidence and improved many of the related industries hurt by the five-year decline in housing. Consequently, the economy further stabilized, though remained in a below-normal growth pattern throughout most of the fiscal year. The nation's outlook for the remainder of 2013 and 2014 is for stronger growth approaching the long-run average growth in the economy.

Economic indicators convey the moderate pace of growth in the nation during the fiscal year. The overall economy experienced below average growth recording only a 1.8% increase in GDP. This was slower than in the previous fiscal year. The economy appeared poised to move into a stronger recovery growth phase with 2.6% annualized growth in the third quarter of 2012. By the next quarter, rather than accelerating, growth had slowed to 1.6%. Despite the sporadic pace of the recovery, the rebound in the U.S. housing market means the nation's economy would continue to gain momentum. In FY 2013-14, the national economy is expected to grow by 2.9%. The following fiscal year economic activity is expected to grow 3.8%, surpassing the long-run average rate of growth of 3.0%.

Weak economic growth during 2012, and into 2013, meant that employment would be slow to improve. The nation's unemployment rate dropped to 7.4%, but long-term unemployment and under-employment continued to cloud the employment picture. What growth there was in employment helped increase personal income. During the fiscal year, total personal income in the nation rose by 4.1%. Further advancements in the overall economy are projected to push personal income growth to 5.3% in FY 2013-14.

Business profitability saw a major rebound after the recession, but profits had leveled-off by 2012. Many businesses coming out of the recession were bolstered by a global economic recovery primarily in emerging markets such as India and China. In the past year, export demand softened as the sovereign debt crisis, which mostly affected European countries, weakened export growth and lowered expectations for profit growth. Nonetheless, profits grew by nearly 10% during the fiscal year. Profit growth is forecast to weaken with respective growth in the upcoming fiscal years of 2.7% and 5.9%.

A good indicator of the health of the economy is retail sales. This key indicator experienced continued strong growth in FY 2012-13. Consumers were hit hard during the economic downturn as household wealth declined, credit markets tightened, inflation-adjusted wages fell, and the employment picture darkened. While these problems have improved, they continue to persist and consumer spending is expected to soften in the upcoming fiscal year. When the real estate market broadly, and fully, stabilizes and the employment picture improves, consumers may be more likely to increase their spending.

To summarize, the global concerns about the fiscal health of many European nations along with the nation's struggle to repair damage to the housing market during the Great Recession continued to impact economic conditions for most of the fiscal year. U.S. fiscal policy played a smaller role during the fiscal year, but still added uncertainty for business decision makers. Part of what was fueling economic growth, a global economic recovery, suffered a setback with debt problems plaguing many industrialized nations. While the debt problems showed marked improvement in 2012, the after effects still lingered. Thus, any chance for a stronger national recovery was held back by the weakened global economy.

North Carolina Economic Outlook

North Carolina Economic Indicators	FY2011-12 Actual	FY2012-13 Actual	FY2013-14 Projected	FY2014-15 Projected
State Gross Product	2.5%	5.1%	4.8%	6.0%
Personal Income	4.1%	3.6%	5.0%	5.7%
Wages & Salaries	2.9%	3.4%	4.7%	5.3%
Retail Sales	7.3%	6.3%	6.3%	6.5%
Unemployment Rate	9.9%	9.3%	8.4%	8.2%
Employment (Nonagricultural)	1.5%	1.8%	1.7%	2.1%
Population	1.0%	1.5%	1.8%	2.5%
Existing Single-family Home Sales	32.7%	30.5%	7.9%	1.1%

For North Carolina, as with the nation, the economy has strengthened, but not enough to eliminate the employment losses from the economic downturn. Economic indicators for the fiscal year, point to growing improvements across the State. Despite adding 70,800 jobs during the fiscal year, there were still 113,000 fewer people employed in the State (3% of total nonfarm employment) than at the end of the 2007- 08 fiscal year. Most private sector industries experienced modest growth, but employment in the construction industry continued to decline. Along with the gains in employment, total salary income continued to improve growing 3.4%.

Projections for the State's key economic indicators reflect how the recovery in the State is expected to unfold. Gross State Product, a broad measure of the State's economic activity is expected to continue solid growth in FY 2013-14. Total personal income growth moderated in FY 2012-13, but is expected to show steady improvement over the next two fiscal years. For the fiscal year, income rose 3.6%, but the increase lags well behind the strong growth of six to seven percent experienced in the years prior to the onset of the recession. Wage and salary income, a component of total personal income, grew at a modest 3.4% for the fiscal year. The rise in wage and salary income was consistent with the increase in total employment. Going forward, improved growth in total income is projected. This growth will result from a continually improving employment situation, plus upward pressure on individual wages, where growth has been stagnant the past five years. A return to long-term growth levels in wage and salary income is forecast for 2014.

As with the nation, the recovery in North Carolina gained strength, but the pace of the recovery remained sluggish during FY 2012-13. This meant fewer jobs were being created and the unemployment rate at the end of the fiscal year remained elevated at 8.9%. That compares to the 9.6% at the start of the fiscal year. Despite a slow-growth economy and high unemployment, retail sales grew at a rate of 6.3%. The growth in retail sales slowed from the previous year yet remained above average. Going forward, retail sales are expected to stay above 6%, increasing at a pace above the long-term average growth rate of 5%.

As the State's economy continues to progress, employment prospects are expected to improve, but a robust employment climate is not projected until 2015. Employment conditions, while improving, will not be great enough to significantly change the unemployment rate. The rate is projected to remain elevated above 8% into 2014. Except for construction and resource mining, all other industry sectors experienced growth over the previous year with net employment growth of 1.9%. With the rebound in residential construction, the construction industry is expected to have employment gains during the upcoming fiscal year. For 2014, modest improvement in all industries is expected, increasing non-agricultural employment by 1.7%. This pace of growth, however, will be too slow to greatly reduce the unemployment rate. The rate is projected to average 8.4% in FY 2013-14, and 8.1% in FY 2014-15.

The State's manufacturing sector saw a turnaround in employment during the fiscal year. Manufacturing reached double-digit percentage losses in the last recession. During this fiscal year, the manufacturing sector added only 4,700 jobs (1.1% growth). Manufacturing employment is now above 443,000. This is still 91,000 fewer jobs than at the start of the recession. Another hard hit industry in the State was the financial sector. The financial market began to rebound in 2010, but employment is not expected to surpass pre-recession numbers until 2015.

The housing recession and the subsequent adjustments in the real estate market have taken a very long time to unwind. A strong rebound in home sales was underway in 2012. Fiscal year 2012-13 ended with sales of existing homes increasing by 30.5%. The growth, while impressive, reflects how sharp the fall off in home sales had been from 2007-2010. In 2014, annual existing home sales are projected to remain 10% below what they were at the peak in 2006.

Gradually improving economic conditions continued throughout the fiscal year and has the State's economy on a more solid footing. The ongoing weakness in the global economy was a drag on the pace of the economic recovery, both for the nation and the State, and continues to pose a risk for economic growth. The housing market is expected to maintain its gradual improvement and with steady growth in household income and consumer spending anticipated, stronger employment gains are projected in 2014.

— Economic analysis prepared by Barry Boardman, Ph.D., Chief Economist
North Carolina General Assembly, Fiscal Research Division
September 23, 2013

Long-term Financial Planning

The 2013 General Assembly passed significant legislation to reform the State's tax code and unemployment insurance system.

State Tax Reform

Session Law 2013-316, the Tax Simplification and Reduction Act, created a flat personal income tax, reduced personal and corporate income tax rates, and increased sales and use tax revenues through an expanded base by removing several exemptions and preferential rates. It also repealed the estate tax, reduced franchise taxes and eliminated several tax earmarks. The desired outcome of the tax reform is to provide tax relief to individuals and corporations, attract new industry and business to the State and spur economic growth.

Unemployment Insurance Changes

Starting in fiscal year 2009 after the great recession, the State's unemployment insurance fund was depleted and could not keep pace with paying unemployment benefits without borrowing from the federal government. The State's debt to the federal government grew to $2.2 billion for the fiscal year ended June 30, 2013. To address this debt and restructure the program, Session Law 2013-2 made several tax rate and programmatic changes to the State's unemployment insurance system. The changes reduce the amount and duration of benefits, increase employer tax rates, and require governmental and nonprofit employers to maintain a reserve for payment of benefits. The effect of the restructuring is to increase the unemployment fund's revenues, reduce its expenses, and accelerate the repayment of the debt owed to the federal government. The Fiscal Research Division of the General Assembly estimates that the legislative changes will result in repayment of the debt in 2015, three years sooner than repayment would have occurred without the changes.

Major Initiatives

Government Data Analytics Center

Recent legislation expanded the State's existing data and business intelligence initiatives. The Government Data Analytics Center (GDAC) was created to manage the State's enterprise data integration and business analytics efforts. The vision of the GDAC is to transform existing data assets into an information utility for the State's policy and operational leaders for their use in determining program investment, managing resources and improving financial programs, budgets and results. The GDAC initiative includes all state agencies, departments, and institutions, including the University of North Carolina and is not intended to replace transactional systems, but instead to leverage the data from those systems for enterprise-level state business intelligence. The ultimate goal of the GDAC is to provide users with analytical information to make better decisions, saving the State time and money.

The powers and duties of the GDAC are to continue and coordinate ongoing enterprise data integration efforts including:

1. Criminal Justice Law Enforcement Automated Data System (CJLEADS). This is a tool developed by the State to provide criminal justice professionals with integrated comprehensive offender information. CJLEADS serves over 26,700 criminal justice users at the state, federal and local levels. The fiscal year 2013 release provided the ability to verify outstanding warrants against a statewide warrant repository on a real-time basis. Additional information about CJLEADS is available at http://www.cjleads.nc.gov.
2. North Carolina Financial Accountability and Compliance Technology System (NCFACTS). The objective of NCFACTS is to develop automated fraud, waste and improper payment detection capabilities. In fiscal year 2013, NCFACTS continued development of unemployment insurance and workers' compensation fraud and compliance alerts. The first production releases of NCFACTS are scheduled for the second quarter of fiscal year 2014.
3. Individual-level student data and workforce data from all levels of education and the State workforce.

The GDAC requirements include taking inventory of existing State business intelligence projects, identifying redundancies and gaps, and developing a plan to discontinue redundancies. The GDAC is also responsible for ensuring that data integration actions are completed in a manner that maintains the security of data and protects the privacy of personal information.

Relevant Financial Policies

Savings Reserve Account

General Statute 143C-4-2 established the Savings Reserve Account as a reserve in the General Fund. The State Controller "shall reserve to the Savings Reserve Account one-fourth of any unreserved fund balance, as determined on a cash basis, remaining in the General Fund at the end of each fiscal year."

The Savings Reserve Account is a component of the unappropriated General Fund balance and serves as the State's rainy day fund. Funds in the Savings Reserve Account shall be available for expenditure only upon an act of appropriation by the General Assembly. The General Assembly recognizes the need to establish and maintain sufficient reserves to address unanticipated events and circumstances such as natural disasters, economic downturns, threats to public safety, health, and welfare, and other emergencies. It is a goal of the General Assembly and the State to accumulate and maintain a balance in the Savings Reserve Account equal to or greater than 8% of the prior year's General Fund appropriation budget.

At the beginning of fiscal year 2012-13, the balance of the Savings Reserve Account was $418.8 million. In accordance with Session Law 2013-360 the State Controller transferred $232.5 million from the unreserved fund balance to the Savings Reserve Account on June 30, 2013, bringing the balance to $651.3 million. This represents 3.3% of the prior year's General Fund appropriation budget. Although the State fell short of its 8% goal, there is improvement compared to last year. The Savings Reserve Fund continues to be replenished after being depleted during the last recession.

Repairs and Renovations Reserve Account

General Statute 143C-4-3 established the Repairs and Renovations Reserve Account (R&R Account) as a reserve in the General Fund. The State Controller "shall reserve to the Repairs and Renovations Reserve Account one-fourth of any unreserved fund balance, as determined on a cash basis, remaining in the General Fund at the end of each fiscal year."

The funds in the R&R Account shall be used only for the repair and renovation of State facilities and related infrastructure that are supported from the General Fund. Funds reserved to the R&R Account shall be available for expenditure only upon an act of appropriation by the General Assembly. In accordance with Session Law 2013-360 the State Controller transferred $150 million from the unreserved fund balance to the R&R Account on June 30, 2013 to end the fiscal year with a balance of $161.9 million.

Debt Affordability Advisory Committee

The 2004 General Assembly passed legislation creating the Debt Affordability Advisory Committee. The Committee is charged, on an annual basis, with advising the Governor and the General Assembly of the estimated debt capacity of the State for the upcoming 10 fiscal years. The Committee is also required to recommend other debt management policies consistent with sound management of the State's debt.

The Committee is responsible for preparing an annual debt affordability study and establishing guidelines for evaluating the State's debt burden. The Committee is required to report its findings and recommendations to the Governor, the General Assembly, and the Fiscal Research Division of the General Assembly by February 1 of each year.

The Committee's 2013 study found that North Carolina's debt is manageable at current levels. The Committee has adopted the ratio of debt service as a percentage of revenues as the controlling metric that determines the State's debt capacity. The study indicated the State's current revenue picture is positive, reflecting a continued economic recovery. After a period during which weak revenue growth constrained the State's debt capacity, the State's General Fund now has debt capacity in each of the next 10 years. The ratio of debt service to revenues will peak at 3.94%, slightly below the 4% target.

The following target and ceiling guidelines are the basis for calculating the recommended amount of General Fund-supported debt that the State could prudently authorize and issue over the next 10 years:

1. Net tax-supported debt service as a percentage of general tax revenues should be targeted at no more than 4% and not exceed 4.75%;
2. Net tax-supported debt as a percentage of personal income should be targeted at no more than 2.5% and not exceed 3.0%; and
3. The amount of debt to be retired over the next ten years should be targeted at no less than 55% and not decline below 50%.

The Committee recommended continuing the State's conservative debt management policies. The study emphasized centralized debt management as a key control and best management practice, and strongly encouraged the General Assembly to adopt language restricting the ability of state agencies to enter into financial arrangements that incur debt or debt-like obligations. In addition, replenishing the Savings Reserve Account should remain a priority.

Awards and Acknowledgements

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of North Carolina for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This was the 19^{th} consecutive year (1994 to 2012) the State has received the prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgments

In conclusion, we believe this report provides useful data to all parties using it in evaluating the financial activity of the State of North Carolina. We in the Office of the State Controller express our appreciation to the financial officers throughout the State and to the Office of the State Auditor for their dedicated efforts in assisting us in the preparation of this report. Any questions concerning the information contained in this report should be directed to the Office of the State Controller at (919) 707-0500.

Respectfully submitted,

David T. McCoy

David T. McCoy
State Controller

November 25, 2013

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CERTIFICATE OF ACHIEVEMENT

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Jeffrey R. Emer

Executive Director/CEO