



State of North Carolina

Office of the State Controller

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STATE'S GENERAL FUND HAD \$582.4 MILLION IN UNRESERVED FUND BALANCE AT THE CLOSE OF THE FISCAL YEAR

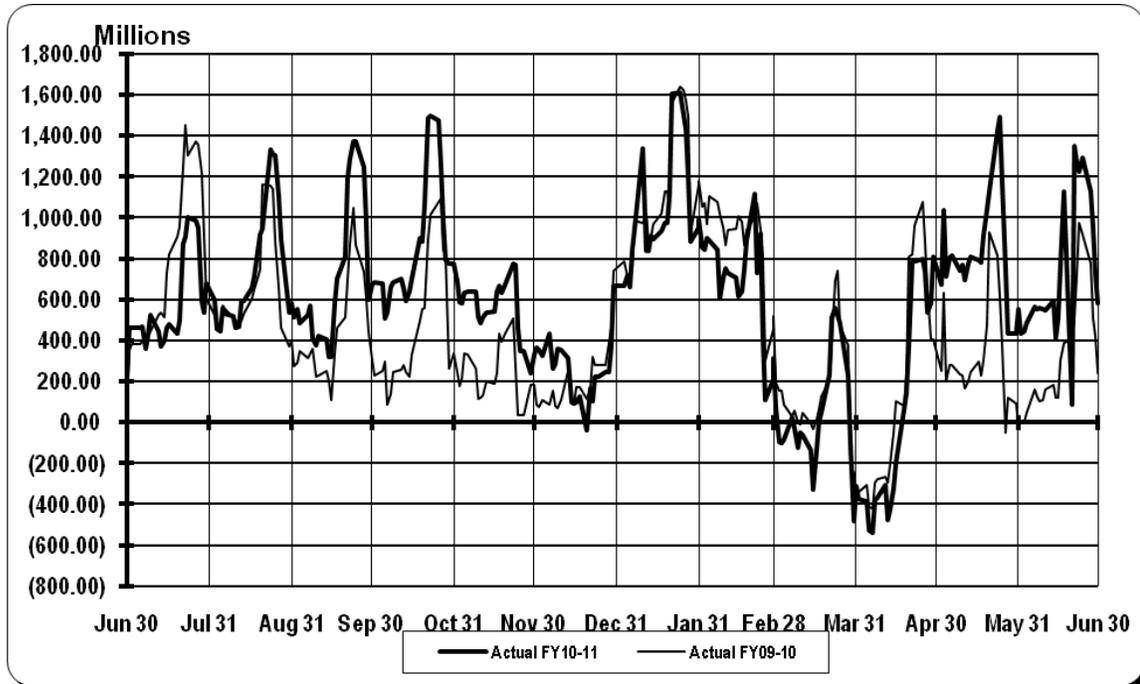
RALEIGH – State Controller David McCoy announced today that the General Fund's unreserved fund had a balance of \$582.4 million as of June 30, 2011, as compared to \$236.9 million at the close of Fiscal Year 2010. For fiscal year 2011, when compared to the prior year through June 30, actual net tax and non-tax revenues increased by \$499.3 million, or 2.7%. Tax revenues through June 2011 increased by \$635.1 million, or 3.6%, and non-tax revenues decreased by \$135.8 million, or 14.9%. Corporate Income Tax and Franchise Tax Revenue for fiscal year 2011, when compared to the prior year through June 30 showed a decrease due to the prior year collection efforts of the North Carolina Department of Revenue. (The Department of Revenue collected \$422 million from 236 corporate entities between August 2009 and December 2009. The Department focused on outstanding cases in which the Department and the taxpayer had disputes over the proper calculation of taxes due to the State). Investment earnings, when compared to the prior year through June 2011, declined by \$14.5 million, or 35.5%, primarily due to lower cash availability for investment and a lower rate of return.

Revenues and expenditures never occur evenly over the course of the fiscal year. During fiscal year 2011, due to the shortfall in revenue collections, the State continues to implement a cash flow management process that monitors state agency spending requirements.

Information concerning the close of the State's fiscal year is contained in the most recent monthly report on the General Fund compiled by the Office of the State Controller.

This report can be found at www.osc.nc.gov. Go to "Recent Publications" and click on "General Fund Monthly Financial Report -- June." The OSC website includes General Fund monthly budgetary basis financial information back through June 1998.

The graph on the next page shows the daily fluctuation of unreserved fund balance for the current and prior fiscal years.



The State Controller is North Carolina's chief fiscal officer. The Office of the State Controller serves as an independent resource to ensure the financial integrity of the State by providing accounting, disbursing, payroll, internal control and financial reporting systems that serve state agencies, employees and the public and maximizing financial return through its statewide cash management plan. The OSC issues numerous financial reports including: Financial Highlights, General Fund Monthly Financial Report, IT Expenditures Report, Statewide Accounts Receivable Report, the State's Comprehensive Annual Financial Report (CAFR) as well as the short, easy-to-read version of the CAFR known as the "popular" report.